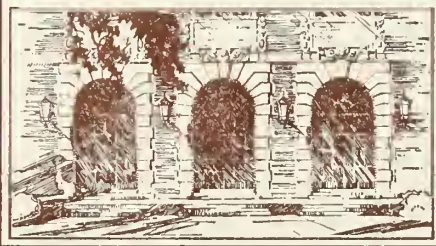


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ANNUAL REPORT

CENTRAL BOARD OF PURCHASES

1961

CITY OF MILWAUKEE



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ANNUAL REPORT

CENTRAL BOARD OF PURCHASES

1961

CITY OF MILWAUKEE

HENRY W. MAIER, Mayor

Chairman Central Board of Purchases

ANDREW L. LEHRBAUMMER

Secretary Central Board of Purchases and City Purchasing Agent

HOWARD A. McMILLAN

Deputy City Purchasing Agent



BUYING

MUNICIPAL WAREHOUSE

PETROLEUM PRODUCTS STORES

INVENTORY CONTROL

RECEIVING SERVICE

REPRODUCTION OF FORMS

PHOTOGRAPHIC EQUIPMENT POOL

MAIL SERVICE

MESSENGER SERVICE

SALVAGE DISPOSAL

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1961-71

The official City of Milwaukee 1961 annual report, published by the Common Council, reports the activities of the approximately fifty departments, boards and commissions. The Central Board of Purchases has a brief résumé of its activities in this attractive publication. However, to supplement this short summary, more details and statistics are made available through the preparation of this departmental report, in which the activities and notable attainments are recorded.

Public buying has made conspicuous strides in the last twenty years, and more especially so, since the National Institute of Governmental Purchasing had its inception in Milwaukee in 1944. Reports such as these are freely interchanged with colleagues of other public buying agencies for comparison of operations, affording a wealth of information. Many mutual benefits are received thereby and "More Value For The Tax Dollar" becomes a reality rather than an idle slogan of the Institute. With the many requests received for specific information, this report also serves as a valuable reference for such inquiries.

The fiscal year of the City ends on January 31 and the necessary information for the compilation of this report is not available until after that time. We strive to publish this report early in our busy season to maintain current interest and hope that you will enjoy reading it.

Respectfully submitted,

Andrew L. Lehrbaummer
Secretary, Central Board of Purchases,
and City Purchasing Agent

Howard A. McMillan
Deputy City Purchasing Agent

ORGANIZATION

Central Board of Purchases

This body was created under chapter 297, laws of 1917 of the State of Wisconsin, on May 21, 1917. This was the forty-fourth year in which it has functioned as a central purchasing authority, having established itself as a pioneer in this concept of public purchasing. Since its inception, it is conservatively estimated that approximately \$50,000,000 have been saved in purchases for the City of Milwaukee. A conspicuous trend toward centralized buying among other public agencies in this important administrative function has been noted. Many municipalities throughout the United States and Canada have patterned their organization after that of the City of Milwaukee.

Mayor
(Hon. Henry W. Maier)
Chairman

City Comptroller
(John E. Kalupa)

President of the Common Council
(Ald. Martin E. Schreiber)

Budget Supervisor
(Edwin C. Whitney)

Chairman of the Common Council
Finance-Printing Committee
(Ald. James J. Mortier)

Commissioner of Public Works
(Lloyd D. Knapp)

Superintendent of the Water Department
(Arthur Rynders)

This Board, composed of four elected officials and three departmental heads, is authorized to purchase or to provide for the purchase of all materials, supplies and equipment for the use of all departments, boards or commissions of the City government. Purchases in excess of \$5,000 require official advertising and award of the contract by the Board at stated public meetings. All interested bidders are invited to attend and are privileged to be heard. Purchases less than \$5,000 are handled by the staff.

Authority of the Board as delegated by State law, empowers it to call upon any office, board or commission to assist in the purchasing function. Through centralized purchasing, a generally accepted minimum saving of fifteen per cent on total purchases of \$12,277,664 or \$1,841,649 was realized. It is

interesting to note that the cash discounts earned in 1961 amounted to forty-five per cent of the cost of running the department. The Municipal Warehouse disbursed general and petroleum products amounting to \$277,865. Scrap sales totalled \$72,753 and an estimated value of \$3,168 in discarded equipment was transferred to other departments. The Central Reproduction Division production amounted to \$76,092.

Executive Committee

At the annual meeting in May, the Board elects a Vice-Chairman and the Chairman appoints a three-man Executive Committee to function as directed by the Board and to act in emergency situations. During the year, this Committee consisted of:

Lloyd D. Knapp - Commissioner of Public Works (Chairman)

John E. Kalupa - City Comptroller

Arthur Rynders - Superintendent of the Water Department

Edwin C. Whitney - Budget Supervisor (alternate)

Standards and Specifications Committee

The Executive Committee also serves as this Committee augmented by the City Purchasing Agent. It strives for simplification and standardization of materials, supplies and equipment which will provide the quality to meet the general requirements. The objective is ordering in larger quantities, which provides many advantages including lower prices. The major part of the time of this Committee is spent in considering tentative or controversial specifications, when they are reviewed with prospective bidders.

Department of Purchases

The City Purchasing Agent is designated by the Central Board of Purchases as the administrator of the Department of Purchases. The Department is responsible for the purchase of all materials, supplies, equipment and minor services (less than \$500) for the departments, boards and commissions under the control of the Common Council. The Department is divided into the following

four divisions with the number of employees indicated in parenthesis.

1. Buying (9)
2. Administration (11)
3. Stores (9)
4. Central Reproduction (10)

OPERATIONS

<u>Year</u>	<u>Total Purchases</u>	<u>On A Budget Of -</u>	<u>Cash Discounts Earned</u>
1956	\$ 9,584,215	\$125,910	\$51,577.00
1957	10,233,703	132,276	61,403.15
1958	9,872,267	131,477	62,113.30
1959	10,506,388	127,755	65,385.89
1960	13,302,369	177,975	66,842.67
1961	12,277,664	161,634	72,716.81

Buying Division

The Deputy City Purchasing Agent is in charge of this division, which includes six buyers, each of whom have an assignment of a complement of commodities. These assignments are not changed except where circumstances dictate. Accumulating experience in each of the commodities reflects greater savings to the City. All purchases less than \$5,000 are handled by this division, through which is processed approximately ninety-five per cent of the numerical volume and fifty per cent of the dollar volume of transactions. Interviewing salesmen, telephoning, correspondence, preparing bids, making awards, arranging for tests, inspections and rejections, all make the day of a buyer a very busy one.

Requisitions (Under \$5,000) Processed By Buying Division

January..... 1,714	May..... 1,062	September..... 1,100
February..... 1,357	June..... 892	October..... 951
March..... 1,624	July..... 701	November..... 1,212
April..... 925	August..... 841	December..... 1,218
Total..... 13,597		

This total compares with 14,576 in 1960. Likewise, 16,269 purchase orders were issued compared to 19,247 in 1960. While there was a reduction in the dollar volume over 1960, which was predominately in the contract category, this buying paperwork reduction was realized by the wider use of blanket orders for smaller purchases.

Administration Division

This division prepares the agenda and minutes of the Board and Committees; keeps accounts and personnel records; prepares the budget; issues and tabulates all bids; maintains bidder lists, specification files and vendor records; does all correspondence, filing, bid posting, reception and related duties. Mrs. Alice O. Last, Administrative Assistant, heads this division.

Bids are opened publicly, usually on Tuesdays and Thursdays of every week at 10:00 a.m., and read by the City Purchasing Agent or the Deputy City Purchasing Agent in the presence of a representative of the Board, reporters and bidders. At this time, bids, bid deposits and other pertinent information are recorded by a member of the clerical staff and this tabulation is retained as a permanent record.

Stores Division

This division carries on all the field work of the department. This includes:

1. Operation of the Municipal Warehouse - (Carries items of common use for all departments)
2. Operation of the Bulk Petroleum Plant - (Distributes gasoline, motor oil and kerosene to the various departments)
3. Inventory Control - (Stock supervision is extended to include other stores locations for which a master inventory control is maintained)
4. Salvage Disposal - (Obsolete equipment or materials transferred to another department or sold. Includes scrap and junk disposal, annual police auction of unclaimed articles, sale of outdated fire hose, sealed bid sales

of wrecked, abandoned and trade-in cars, etc.)

5. Partial testing, inspection and special services programs.

William T. Harris, Administrative Assistant, heads the Stores Division.

Stores Deliveries For 1961

	<u>Number of Deliveries</u>	<u>Amount Billed</u>
Municipal Warehouse.....	2,928	\$125,753.46
Petroleum Products.....	<u>1,383</u>	<u>152,111.94</u>
Totals.....	4,311	\$277,865.40

Comparative Report Of Salvage Disposal Section Sales
(Frank Lacey, Jr. - Supervisor)

	<u>1961</u>	<u>1960</u>	<u>1959</u>
Used Police Squad Cars.....	\$29,454.01	\$31,928.00	\$- - - -
Scrap and Junk.....	31,130.63	30,422.04	27,063.35
Abandoned Cars.....	3,726.70	(5,120.50	(3,476.54
Wrecked and Unclaimed Cars.....	1,056.20	((
Annual Police Auction.....	2,892.11	3,442.05	3,432.19
Miscellaneous Old Equipment.....	607.20	3,913.39	5,490.98
City Owned Firemens' Uniforms and Equipment.....	<u>94.00</u>	<u> </u>	<u> </u>
Total.....	\$68,960.85	\$74,825.98	\$39,463.06
Transfer of Usable Equipment To Various City Departments - Estimated Value	\$ 3,168.00	\$ 4,967.69	\$ 6,515.50

Central Reproduction Division

This division reproduces duplicating work for all of the departments, boards and commissions with a few exceptions because of the confidential nature of the work. Processes used are offset duplicating, mimeographing, spirit duplicating and Xerography. Plates or stencils are kept on file for future use. Costs of this production are billed to the respective departments and payments of these charges offset the expenditures made from a rotary account.

This division also maintains a photographic equipment pool from which all departments obtain the proper photographic, visual aid, audio and other similar equipment, which they require for a specific application. This division also handles incoming and outgoing U.S. mail and messenger service to all departments. Three messenger trips are made each day through the City Hall and Municipal Building.

The report of Franklin N. Meyers, Duplicating Services Supervisor, is as follows:

"The year 1961 showed a general increase of work in all sections of the Central Reproduction Division of the Central Board of Purchases. As predicted last year, the addition of the Xerox 914 Copier has proved an all-important addition in the copying section of the division. It is rather interesting to note that the total copying for the year 1960 totalled 13,557 copies with spoilage and waste amounting well over fifteen per cent. With the new Xerox 914 Copier, there was a total of 80,519 copies made with a loss ratio of less than one per cent and with an immense improvement in copy quality.

The total billing for work performed during the year amounted to \$76,092.03 compared to \$67,281.49 for 1960, the breakdown being \$32,004.07 for mimeo and spirit duplicating, photography and copying, and \$44,087.96 for the offset reproduction section.

During the year, the accounting modernization program installed a new program of billing, as well as new inventory control and requisitioning procedures. The new system helps in some respects, but does not give us the control we had previously. Possibly, after some experience, better results will be attained.

Presently, when photographic equipment is used, there is a slight mark-up on the cost of developing to take care of any costs. The need for some charge for the use of photographic equipment is becoming more evident. As the equipment ages, it requires more maintenance and some way of compensating

the division for this upkeep is necessary. Also, additional personnel is needed to assist in photographic instructions as too much time is now taken from administration for this purpose. This person could also serve as relief man for the mail room, messenger service, receiving and delivering. It has become increasingly difficult to maintain all of these services with the present personnel.

Some plan of replacing the equipment in the loan pool should be instituted because of the radical changes taking place in this type of equipment. It is impossible to produce or project the desired result with antiquated equipment. Projectors, slide as well as movie, should be replaced after five years; also, tape recorders have changed so radically in the last year that it is very frustrating to use the present equipment. There also should be more complete control over the use of pool photographic equipment. It seems rather foolhardy to give a person, who has no knowledge of this type of equipment, a camera or projector costing several hundred dollars and expect him, after five or ten minutes of instruction, to go out and obtain the results that this type of equipment is able to produce. I feel that a person with a knowledge and interest in photography should be assigned by his respective department for this type of work.

The postal charges to the respective departments for 1961 amounted to \$49,398.77, an increase of \$465.99 over 1960. This means an average monthly postage bill of \$4,116.56. The replacement of one of the mailing machines is definitely a necessity in 1963.

The messenger service has proven efficient with the exception of the delays occasioned by waiting for elevator service.

In conclusion, it is interesting to note that the Central Reproduction Division has been entirely self-sustaining since its inception in 1949, having received no moneys in the budget except for the purchase of new equipment. The mailroom and messenger service, handled since 1960, is operated under budget appropriations."

PERSONNEL CHANGES

Appointments

April 10, 1961 - Leon Klaus, Buyer I
July 10, 1961 - Donald Lucier, Buyer I
August 7, 1961 - Carol Froehlich, Clerk-Typist I
October 16, 1961 - Peter Spingola, Clerk-Typist I
November 16, 1961 - Barbara Reuter, Clerk-Typist I

Resignations

May 29, 1961 - Kai Ringwall, Buyer I
October 2, 1961 - Carol Froehlich, Clerk-Typist I
October 18, 1961 - Peter Spingola, Clerk-Typist I

COMMODITY PRICES

A comparative price index of all commodities as compiled by the McGill Commodity Service Inc., (with 1926 representing 100) reads as follows -

<u>End of 1957</u>	<u>End of 1958</u>	<u>End of 1959</u>	<u>End of 1960</u>	<u>End of 1961</u>
180.4	175.7	170.8	174.6	175.5

BUSINESS SITUATION

The year of 1961 was conspicuous as a period of very moderate changes in prices. Intense competition prevailed limiting the extent of any price rises. Those commodity prices which were increased during the year had a difficult time sustaining such raises.

ACCOUNTING MODERNIZATION

Radical changes in procedure were implemented at the beginning of the year. It was difficult from long existing procedures and because of this, the operations were notably slowed down. These revisions included encumbrance from requisitions rather than purchase orders as previously done; automatic preparation of purchase orders from pre-punched cards; history record envelopes for each commodity; new return goods and credit authorization procedure; revised billing procedures; new accounting and inventory

procedures in the Stores and Central Reproduction Divisions, which operate on a rotary fund and many other changes.

OFFICE FURNITURE TESTING

A new machine was purchased to perform the required tests on office furniture as indicated in the recently adopted City of Milwaukee specification. A similar machine had been previously borrowed from one of the vendors but it was desirable to have our own testing equipment. Facilities and space were provided for this testing program and several brands of metal furniture have been tested for compliance with our specification and prequalification of certain makes of equipment.

BUYERS' TRAINEE PROGRAM

An outgrowth of the distinction between Buyer I and Buyer II was the institution of a new trainee program for the recruitment of buyers as approved by the City Service Commission. This provides that the applicants for the Buyer I examination have a college degree in business administration. Upon appointment as a Buyer I, they participate in an annual increment for five years, after which a non-competitive examination is written to qualify as a Buyer II. Again there are five annual increments. This assures a ten year program of training and advancement.

Incidentally, the Buying Division was handicapped severely during the year by personnel shortages. A new buyer had been trained for several months only to become severely ill in the early part of the year necessitating his resignation on May 29. A replacement was named on July 10. On April 10 the additional Buyer I position was filled, necessitating the training of these two new buyers during the major part of the year.

PERFORMANCE BUDGETING

By Common Council resolution in November of 1961, the Central Board of Purchases was one of three pilot departments designated to submit its 1963 budget "in such a manner that the citizens of Milwaukee receive the maximum

Report of the Board for the year 1900

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information as to the purposes, programs and functions of the departments and the cost index of such functions where practical". This directive necessitated additional record keeping details so that the 1963 budget, which is prepared in June of 1962, could incorporate these requirements.

BLANKET BID DEPOSIT BOND

For the convenience of bidders, who consistently submit bids to the City of Milwaukee, a blanket bid bond for the calendar year was introduced. This eliminates the necessity of submitting cash, a certified check, money order or individual bid deposit bonds with each bid requiring such deposit. This practice is gaining wide favor with those firms which regularly bid. Bid deposits are usually required in amounts of \$100, \$200 or \$500. The blanket bid deposit bond is submitted in the amount of \$1,000.

U. S. DEPARTMENT OF JUSTICE VERSUS ELECTRICAL EQUIPMENT FIRMS

In January of 1961, the Department of Justice found many of the major heavy electrical equipment manufacturers in the United States guilty of collusion. Jail sentences and fines were meted out to individuals and companies. The investigation started as a result of identical bids submitted to the Federal Tennessee Valley Authority project. However, the firms were found guilty of "rigging" bids, specifically submitting varying bids which were arrived at after prior discussion by the bidders.

The City of Milwaukee then banded together with other public agencies under the leadership of the National Institute of Municipal Law Officers and the National Institute of Governmental Purchasing to file a civil suit for triple damages for any overcharge which the City may have suffered. This required tedious searching of the records of purchases, from 1951 to 1961, of the twenty categories of items on which the indictments were returned. The Common Council appropriated funds on a pro-rata basis to process these combined suits. All participating agencies were assessed on a formula established by the Task Force of the National Institute of Municipal Law Officers. The

City of Milwaukee's purchases involved amounted to \$812,654.40. It appears that these suits will be in the courts for many, many years.

NO IDENTICAL BIDS ON ROCK SALT

For the first time in the history of the City of Milwaukee, bids submitted by various firms on rock salt were not identical. In 1960, the City Purchasing Agent testified at a Grand Jury investigation at the U.S. District Court for the Southern District of Illinois in Springfield, Illinois, on the prices of rock salt.

NO IDENTICAL BIDS ON LIQUID CHLORINE

Also for the first time, bids on liquid chlorine used for water purification were not identical. As with rock salt, the City of Milwaukee has been a consistent complainer whenever identical bids were received.

REPORTING IDENTICAL BIDS TO U.S. DEPARTMENT OF JUSTICE - ANTI-TRUST DIVISION

The City of Milwaukee was selected as one of 2,000 cities to report all identical bids over \$1,000 to the U.S. Department of Justice - Anti-Trust Division. A new form was designed for this reporting and a batch was sent to the City of Milwaukee for their future use. It is intended to detect any collusion or bidding pattern by processing this data electronically.

CONCRETE POLES

Since the City of Milwaukee started purchasing concrete poles for street lighting installation, the specification has required red granite chips to be contained in the aggregate. This gave all of the City of Milwaukee poles a distinctive pink hew. For the last ten years, the successful bidder has had difficulty obtaining this material from the central Wisconsin quarry. Apparently it is uneconomical to crush this hard granite because of the limited demand.

The Standards and Specifications Committee allowed the substitution of black and white granite for future poles. This will present a brighter and

whiter pole. There will still be a limited production of the former pole for replacement of isolated poles, which must be compatible with the existing ones.

MUNICIPAL WAREHOUSE STOCKS

In a concentrated effort to augment the stocks carried in the Municipal Warehouse, the Buying Division reviewed purchasing experiences to increase the items and quantities of commodities. There were approximately 500 different sizes and types of pipe fittings added, in addition to drills and files. These quantity purchases save between twenty-five and fifty per cent in addition to the paper work required in the requisitioning and purchase order process.

All buyers are constantly watching the repetitive items and if they are of general use and can be carried in stores, they will be added to the stock.

"NO CHARGE" ITEMS ON BIDS

In October, bids were requested for 257 items of laboratory supplies for the new Howard Avenue Purification Plant. Many of these items were nationally advertised heat proof glassware on which all of the bidders were required by the manufacturer to quote the "fair traded price". Award was made to the aggregate low bidder, who was able, because of the bid set up, to furnish seventy-seven other items on a "no charge" basis. Award on a lump sum basis allowed the bidder to "donate" these items. This apparently was done to circumvent the dictated price, which all bidders were required to submit on the "fair traded" items.

PURCHASING FROM BEST SOURCES

A requisition was received containing six items - four of which were artists' supplies and the other two colored drawing pencils, which are also handled by dealers in artists' supplies. The vendor, an artist supply shop, recommended by the requisitioning department, was the highest of four bidders. The bids on the thirty-five dozen colored drawing pencils ranged from \$2.70

The first part of the paper discusses the importance of maintaining accurate records of all transactions. It is essential for the business to have a clear and concise record of all income and expenses. This will allow the business to track its financial performance over time and identify areas for improvement. The second part of the paper discusses the importance of maintaining accurate records of all assets and liabilities. This will allow the business to track its net worth over time and identify areas for improvement. The third part of the paper discusses the importance of maintaining accurate records of all taxes paid. This will allow the business to track its tax liability over time and identify areas for improvement. The fourth part of the paper discusses the importance of maintaining accurate records of all debts. This will allow the business to track its debt liability over time and identify areas for improvement. The fifth part of the paper discusses the importance of maintaining accurate records of all equity. This will allow the business to track its equity over time and identify areas for improvement. The sixth part of the paper discusses the importance of maintaining accurate records of all other financial information. This will allow the business to track its overall financial performance over time and identify areas for improvement.

per dozen from the artist's shop to \$1.50 per dozen from a local stationery house. This represented a difference of forty-four per cent. Savings, such as this repeated many times over on small purchases, amount to a considerable sum.

QUANTITY ANALYSIS

The buyers are constantly cognizant of the most advantageous quantity to purchase and in many instances, suggest revision of quantities shown on the requisition to the department. The following was a conspicuous saving in this category; therefore, it is reported here.

A requisition was received for four items of Kardex cards, a total quantity of 14,000. On the bid, the buyer requested the bidders to state price advantages on larger quantities. Through this effort, it was learned that 40,000, which the department could very well use as it was a stock form, could be had for \$471.70. The 14,000 would have cost \$243.41. The saving on this larger quantity amounted to 47.38 per cent.

PROFESSIONAL VISITS

Each year heads of other public buying agencies visit with us to study some specific function or our general operations. This year we were honored with the following -

June 5 - Sterling Barnett, City Purchasing Agent, Houston, Texas

August 2 - Vincent Marrin, Purchasing Agent, Province of Manitoba,
Winnepeg, Canada

October 16 - Ben Benas, Purchasing Agent, City and County of San Francisco,
California

In addition to these personal visits, much information, such as specifications, tests, organization information, etc., is interchanged with other public buying agencies.

NEW "WELCOME FOLDER"

A revised brochure, prepared especially for those calling on our department for the first time, was issued. A copy of this is inserted at the last



page of this report.

MEMBERSHIPS

The City of Milwaukee holds agency memberships in:

National Institute of Governmental Purchasing

Wisconsin Association of Public Purchasers

Individual memberships are held in:

National Association of Purchasing Agents (City Purchasing Agent and
Deputy City Purchasing Agent)

Milwaukee Association of Purchasing Agents (City Purchasing Agent and
Deputy City Purchasing Agent)

National Association of Hospital Purchasing Agents (Buyer)

THANK YOUS

The fine reputation and recognized achievements of Milwaukee's purchasing organization over forty-four years of operations could not have been established without the dedication of those who preceded. Tribute is paid to many individuals who were conscientiously devoted to the highest ethics of governmental purchasing.

The individual members of the Central Board of Purchases for their deliberations on Board and Committee matters.

Members of the Milwaukee Common Council for their recognition of our objectives - especially the President of the Common Council and the Chairman of the Finance-Printing Committee, who serve on the Board in an ex-officio capacity.

All officials, department heads and City employees who lent assistance when they were called upon.

George A. Bowman, Jr., Assistant City Attorney, for legal talent and advice and cooperation in innumerable instances.

Albert H. Hall, Executive Vice President of the National Institute of Governmental Purchasing, and his staff for valuable professional assistance whenever requested.

Colleagues in the public purchasing field for their cooperation and free interchange of information.

Lastly, and mostly, a dedicated purchasing department staff, who worked faithfully to keep our efforts well recognized, both locally and throughout the country.

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ANNUAL REPORT

CENTRAL BOARD OF PURCHASES

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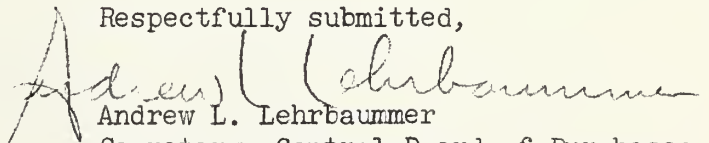
SALVAGE DISPOSAL

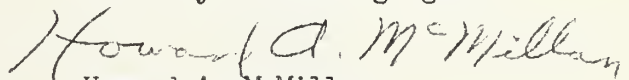
The Common Council of the City of Milwaukee publishes an annual report, wherein a brief resume of the activities of approximately 50 departments, boards and commissions are reported. The Central Board of Purchases is included in a section highlighting its activities. This attractive booklet is compiled by the Municipal Reference Librarian.

This departmental report, necessarily restricted as to cost, furnishes more details and statistics than are published in the official City of Milwaukee 1962 Annual Report. Similar reports, compiled by other public buying agencies, are freely interchanged and the comparison of operations affords a wealth of information, suggestions and ideas. Many mutual benefits are received through such interchange and "more value for the tax dollar" is realized. With purchasing departments in private industry bending every effort to stretch the raw material dollar and increase the profit, its counterpart in government is searching diligently to better use the tax dollar. Many requests for information are received and this report serves as a valuable reference for such inquiries.

As the fiscal year of the City ends on January 31, compilation of this report is necessarily delayed until after that date. In striving to get this report to you so that it commands current interest, it is prepared in the busiest season of our year. We hope that it will be informative and thought provoking.

Respectfully submitted,

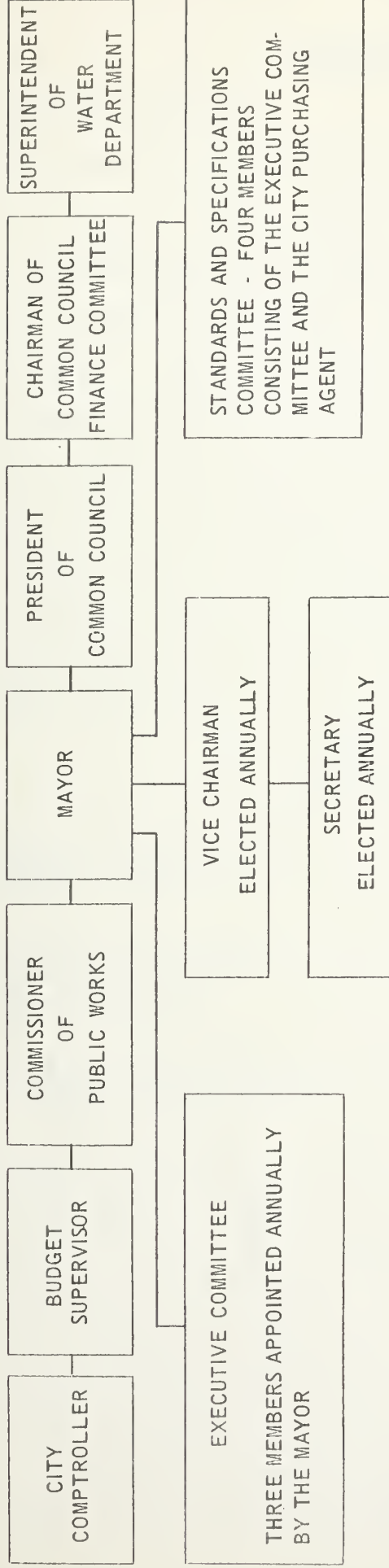

Andrew L. Lehrbaumer
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Deputy City Purchasing Agent

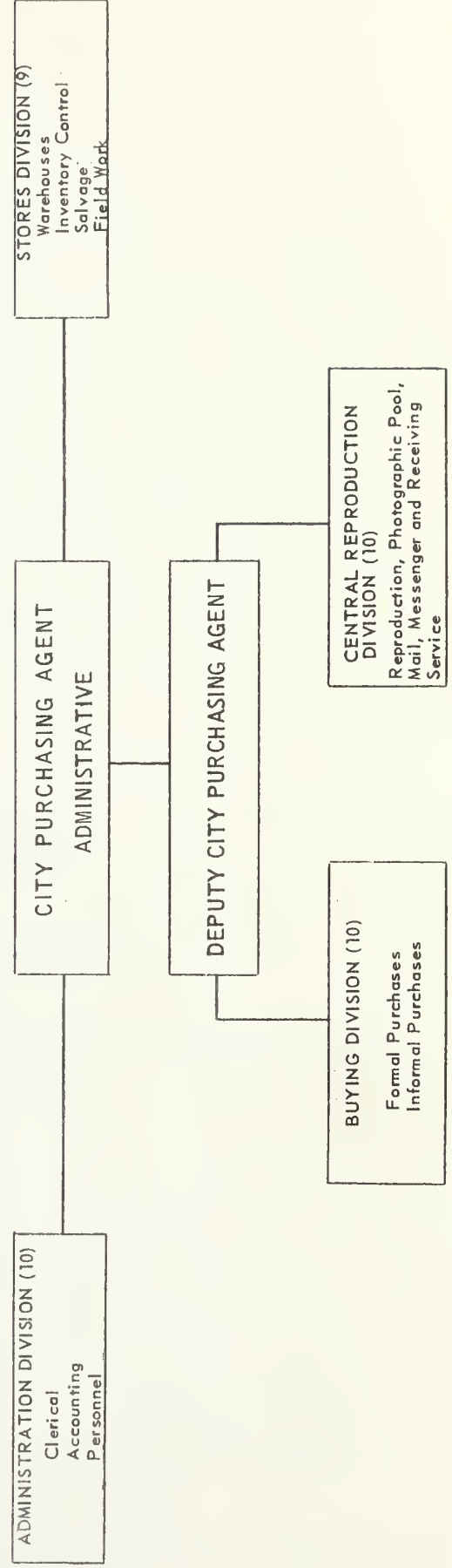
ORGANIZATION CHART

CENTRAL BOARD OF PURCHASES

Chairman



DEPARTMENT OF PURCHASES



ORGANIZATION

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This body was created under Chapter 297, Laws of 1917 of the State of Wisconsin, on May 21, 1917. This was the forty-fifth year in which Milwaukee has had a central purchasing authority, establishing itself as a pioneer in this concept of public purchasing. Since its inception, it is conservatively estimated that approximately \$50,000,000 have been saved in effecting purchases for all of the departments of the City of Milwaukee. A conspicuous trend toward centralized buying among other public agencies in this important administrative area during the last twenty years, especially since the formation of the National Institute of Governmental Purchasing in 1944, has been noted. Many municipalities throughout the United States and Canada have patterned their organization after that of the City of Milwaukee.

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Vice Chairman

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Chairman of the Common Council
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(Ald. James J. Mortier)

Budget Supervisor
(Edwin C. Whitney)

Commissioner of Public Works
(Lloyd D. Knapp - Eugene Schmidt)
(To - April 19 - From)

Superintendent of the Water Department
(Arthur Rynders)

This Board, composed of four elected officials and three departmental heads, is authorized to purchase or to provide for the purchase of all materials, supplies and equipment for the use of all departments, boards or commissions of the City government. Purchases in excess of \$5,000 require official advertising and award of the contract by the Board at stated public meetings. All interested bidders are invited to attend and are privileged to be heard. Purchases less than \$5,000 are handled by the staff.

Authority of the Board, as delegated by State law, empowers it to call

upon any officer, board or commission to assist in the purchasing function. Through centralized purchasing, a generally accepted minimum saving of fifteen per cent on total purchases of \$11,495,798 or \$1,724,369 was realized during 1962.

Executive Committee

At the annual meeting in May, the Board elects a Vice-Chairman and the Chairman appoints a three-man Executive Committee to function as directed by the Board and to act in emergency situations. During 1962, this Committee consisted of:

Lloyd D. Knapp - Commissioner of Public Works (Chairman) to April 19

Eugene Schmidt - Commissioner of Public Works (Chairman) from April 19

John E. Kalupa - City Comptroller

Arthur Rynders - Superintendent of the Water Department

Edwin C. Whitney - Budget Supervisor (alternate)

Standards and Specifications Committee

The Executive Committee also serves as the Standards and Specifications Committee, augmented by the City Purchasing Agent. It strives for simplification and standardization of materials, supplies and equipment, which will provide the necessary quality. The objective is purchases of larger quantities, which among other advantages, commands lower prices. The major part of the time of this Committee is spent in reviewing tentative or controversial specifications with prospective bidders.

Department of Purchases

The City Purchasing Agent is designated by the Central Board of Purchases as the administrator of the Department of Purchases, which is responsible for the purchase of all materials, supplies, equipment and minor services (less than \$500) for the departments, boards and commissions under the control of the Common Council. The Department is divided into the following four divisions with the number of employees indicated in parenthesis.

1. Buying (10)
2. Administration (10)
3. Stores (9)
4. Central Reproduction (10)

Comparative Operation

<u>Year</u>	<u>Total Purchases</u>	<u>On A Budget Of -</u>	<u>Cash Discounts Earned</u>
1956	\$ 9,584,215	\$125,910	\$51,577.00
1957	10,233,703	132,276	61,403.15
1958	9,872,267	131,477	62,113.30
1959	10,506,388	127,755	65,385.89
1960	13,302,369	177,975	66,842.67
1961	12,277,664	161,634	72,716.81
1962	11,495,798	170,852	73,457.16

Larger budgets do not necessarily mean increased appropriations. Some of the conspicuous increases in the annual budgets shown above were due to the addition of functions and the required personnel. This was especially true in 1960 when the mail and messenger services were transferred to this department from the Department of Public Works. Also accounting changes for certain funds added to the total budget without any additional appropriation.

A summary of the activities of each of the four divisions follows, preceded by its newly designated purposes and costs under the performance budgeting program.

BUYING DIVISION

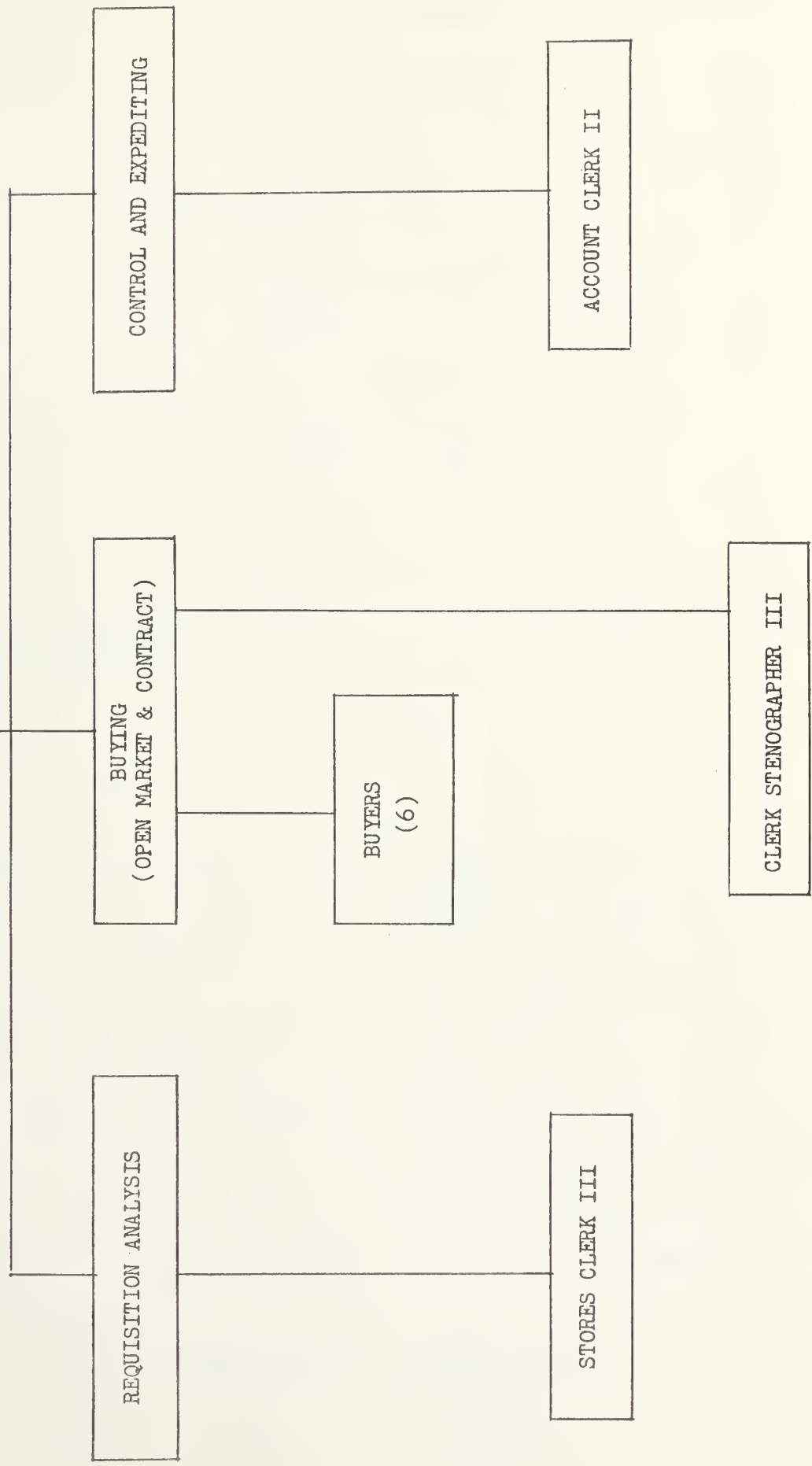
<u>Performance Budget</u>		<u>1963 Estimates</u>	
<u>Program</u>	<u>Unit of Work</u>	<u>No. of Units</u>	<u>Unit Cost</u>
Administration	--	--	--
Administration - Board or Committee	Meetings Held	22	\$135.45
Purchase Requisition Control	Requisitions Processed	21,000	.41
Purchase Order Preparation	Number Prepared	16,000	.50

ORGANIZATION CHART

BUYING DIVISION

CENTRAL BOARD OF PURCHASES
CITY OF MILWAUKEE
OCTOBER 25, 1962

DEPUTY CITY PURCHASING AGENT



Expediting Purchases	Orders and Contracts Expedited	1,200	\$ 2.61
Advertising Formal Bids	Commodities Advertised	140	6.05
Soliciting Formal Bids	Vendors Solicited	2,000	4.00
Analysis and Award of Formal Bids	Number of Contracts	130	27.75
Soliciting Informal Bids	Requisitions Processed	15,000	1.31
Analysis and Award of Informal Bids	Awards Made	16,000	1.25
Revision of Commodity Code	Items Revised	25,000	.18
Payments to Vendors	Payments Processed	34,300	.43
Salvage Disposition	Removal Orders Issued	350	31.25
Materials Testing	Tests Performed	100	30.32
Specification Preparation	Pages	400	10.39
Study of New Products and Sources of Supply	--	--	--
Inventory Control	Reports Furnished	115	73.35
Other Central Board of Purchases Purposes	--	--	--

The Deputy City Purchasing Agent is in charge of this division, which includes six buyers, each of whom have an assignment of a complement of commodities. These assignments are not changed except where circumstances dictate. Accumulating experience in each of the commodities reflects greater savings to the City. All purchases less than \$5,000 are handled by this division, through which is processed approximately ninety-five per cent of the numerical volume and fifty per cent of the dollar volume of transactions. Interviewing salesmen, telephoning, correspondence, preparing bids, making awards, arranging for tests, inspections and rejections, all make the day of a buyer a very busy one.

<u>Year</u>	<u>Requisitions</u>	<u>Purchase Orders</u>
1960	14,576	19,935
1961	13,597	16,269
1962	14,447	14,484

The significant reduction in the number of purchase orders and subsequent checks issued during the last three years is shown in the above figures. This has reduced the work load and paper handling of many employees both in the Purchasing and other departments. This became possible through changes instituted in the Accounting Modernization Program.

The report of Howard A. McMillan, Deputy City Purchasing Agent and head of this Division, is as follows:

The Buying Division continued its program of value analysis throughout the year. Working with the requisitioning departments, the buyers were able to suggest many modifications in requirements that produced equal performance at equal cost.

One example occurred at the new Howard Avenue water purification plant, which had requisitioned six cases of a special size paper towel. Investigation indicated that this size towel was necessary to fit the six holders installed in the new building by the contractor. This special towel, purchased in six case lots, cost \$8.75 per case as compared to the standard towels, stocked in the Municipal Warehouse and issued to the departments at \$3.15 per case. It was suggested that the existing towel holders be removed and replaced by standard holders, available at \$3.15 each, which would produce a saving of \$2.43 or 28% on the original order and \$5.58 or 64% on subsequent orders. Department personnel then found that the existing holders could be modified to handle the standard towels.

The Division has had excellent results in its efforts to procure certain equipment repair parts direct from the actual part manufacturer or dealers rather than through the manufacturer or dealer in the equipment itself. The savings here are high and repetitive. One case involved two large sprockets for an asphalt plant for which the original equipment manufacturer quoted a price of \$228.20 each. The buyer found that the same sprocket could be purchased from a dealer in standard gears at a price of only

\$66.51 each, a saving of 243 per cent.

During the course of the year, the Buying Division placed orders for about 40,000 different items. While many of these items are the regular materials and supplies needed to carry on the operations of the eleventh largest city in the country, we also purchased the following interesting items: - 5 grams of "Dibromo-O-Cresolsulfonephthalein Brom Cresol Purple"; 12 "live Cocoons of actia luna"; a film entitled "Prickly the Porcupine"; 12 lariats; a book entitled "El Segundo Mamut Fossil de Santa Isabel Estapan, Mexico y Artefactos Asociados"; a "Japanese lantern"; an "Umbrella Tent"; 1/128 of an ounce of "blue lustre petunia seeds"; 300 yards of "used burlap"; 6 "two way stretch girdles" (cut up and used to repair safety vests); 195 pounds of "condemned meat"; 2 dozen "Peacock feathers"; 2500 ML of "fresh sterile sheep blood"; 24 "paper mache owls".

So unlike are colleagues in private industry, we are called upon to purchase varied items which do not go into the production line or are not used for "maintenance, repair and operation".

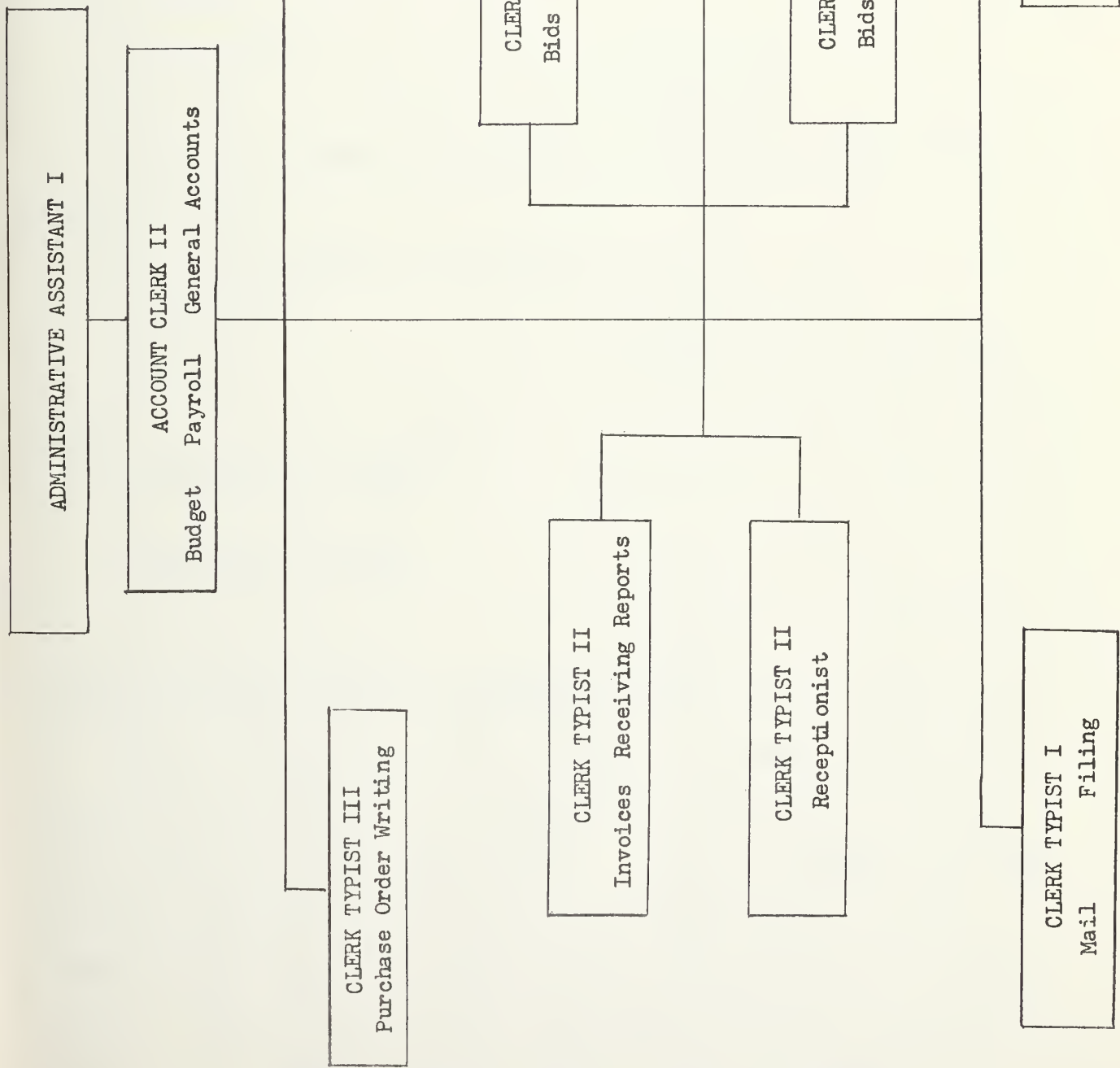
ADMINISTRATION DIVISION

The report of Mrs. Alice O. Last, head of the Administration Division, reads -

Following is a statistical report of the activities of the Purchasing Department general office for the year 1962. The activities of the Administration Division revolve within these functions.

Meetings Held: Purchasing Board	13	
Executive Committee	3	
Standards and Specifications Committee	<u>7</u>	23
Formal Bids (Commodities over \$5,000)		114
Informal Bids (Commodities under \$5,000)		423
Proprietary Bids (non-competitive - informal)		635
Emergency Bids		1,129

ADMINISTRATION DIVISION
CENTRAL BOARD OF PURCHASES
CITY OF MILWAUKEE
FEBRUARY 1, 1963



Informal Term Agreements	48
Formal Contracts	123
Purchase Orders	14,484

Requisitions, Incoming:

To Buyers	14,447 (includes 1,203 traveling requisitions)	
To Stores	3,588	
To Central Reproduction Division	<u>1,093</u>	19,128

Quotations Returned To Bidders, Unacceptable 149

Total Purchases:

Purchase Orders	\$5,621,476.39	
Contracts	2,329,091.56	
Miscellaneous Payment Certifications	<u>3,545,230.80</u>	\$11,495,798.75

Discounts Earned:

Miscellaneous Payment Certifications	\$23,929.17	
Purchase Orders	41,645.50	
Contracts	<u>7,882.49</u>	\$73,457.16

Held in Safe, Eventually Disbursed:

Annual Blanket Bid Deposits 9 bonds @ \$1,000 each	\$ 9,000.00	
Individual Bid Deposits (cash, check or bond)	71,400.00	
Receipts From Cash Sales	<u>54,334.60</u>	\$134,734.60

Total tax paid to the State of Wisconsin on gasoline consumed by using departments of the City (6¢ per gallon) \$130,145.94

In 1962 the responsibilities for outlining and scheduling formal bids, which were formerly part of the Administration Division duties, were made part of the duties of the Buying Division. In order to implement this change, the Clerk Stenographer III, who had been performing these duties in the Administration Division, Mrs. Dolores Graves, was transferred to the Buying Division. This move was the result of recommendations based on organizational studies of the Purchasing Department and this study also resulted in the

reclassification of the following positions in the Administration Division:

Shirley Eggert, from Account Clerk I to Account Clerk II

Marlene Pagel, from Clerk Stenographer II to Clerk Stenographer III

In addition, a temporary position of Clerk Typist I was recommended for inclusion in the 1963 budget to assist in the heavy work load for a six months' period during 1963. The organization chart of the Administration Division shows the composition of this Division, by position, as currently staffed.

The impact of program budgeting which was instituted in the Purchasing Department in 1962 (one of the three City of Milwaukee pilot departments chosen for this project) was felt in the added work load of the Administration Division. Much planning was done and many meetings were attended by the Administrative Assistant to incorporate the new procedures on a departmental basis, beginning with the year 1963. The new procedures require more detailed record keeping and personnel time keeping and distribution.

Departmental purposes or programs were outlined and estimates of work volume and costs were determined for use as a basis for 1963 budget activities. These purposes, units of work and unit costs are shown at the beginning of the respective report of each division.

During 1962, also, much effort was devoted to plans for laying out and equipping new quarters for the Purchasing Department General Office, as a part of the general renovation program of the City Hall. Sixth floor quarters, formerly occupied by the Health Department, were designated for the future Purchasing Department General Office location. The Administrative Assistant was one of the Purchasing Department personnel who conferred with representatives of the Bureau of Bridges and Public Buildings to outline work programs so that the lay-out of the new office quarters would conform to work patterns. After some postponements, general moving day occurred on November 16. Since then, general pleasure has been expressed on the arrangements in the new

quarters of the General Office.

STORES DIVISION

Performance Budget - Non-Budgetary (Rotary)

Administration	--
Ordering Inventory	Stores Orders Prepared
Materials Handling - Receiving	Orders Received
Materials Handling - Disbursement	Requisitions Filled
Materials Handling - Others	Orders Received
Inventory Control - Records	Orders Received and Requisitions Filled
Delivery Services	Stops Made
Operation, Maintenance and Repair of Building	/M Sq. Ft.
Maintenance of Grounds	/M Sq. Ft.
Other Central Board of Purchases Purposes	--

NON-
BUDGETARY

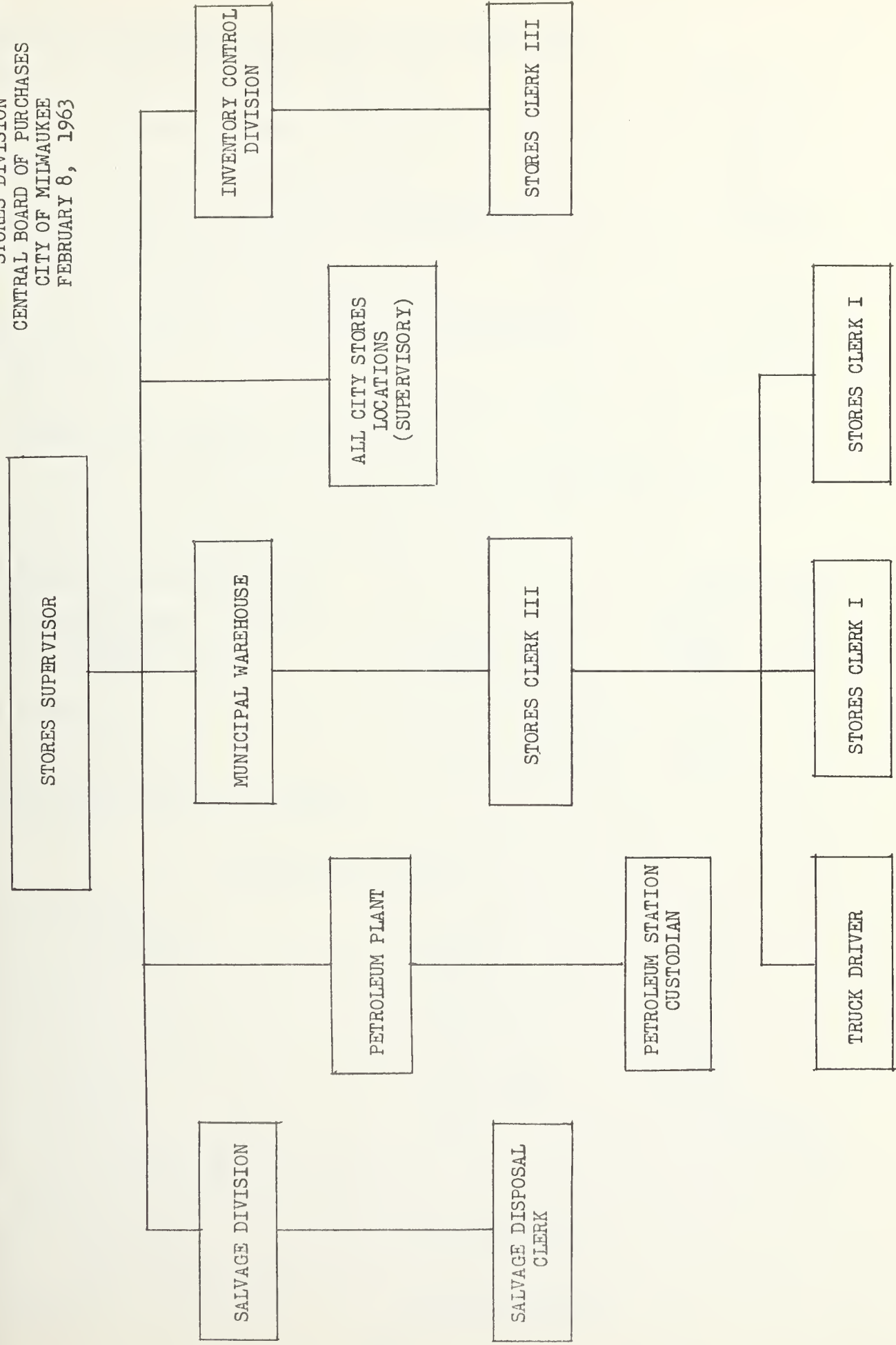
This Division carries on all the field work of the Department. This includes:

- 1) Operation of the Municipal Warehouse - (Carries items of common use for all departments)
- 2) Operation of the Bulk Petroleum Plant - (Distributes gasoline, motor oil and kerosene to the various departments)
- 3) Inventory Control - (Stock supervision is extended to include other stores locations for which a master inventory control is maintained)
- 4) Salvage Disposal - (Obsolete equipment or materials transferred to another department or sold. Includes scrap and junk disposal, annual police auction of unclaimed articles, sale of outdated fire hose, sealed bid sales of wrecked, abandoned and trade-in cars, etc.)
- 5) Partial testing, inspection and special services programs.

ORGANIZATION CHART

STORES DIVISION

CENTRAL BOARD OF PURCHASES
CITY OF MILWAUKEE
FEBRUARY 8, 1963



Salvage Disposal Report of Frank R. Lacey, Supervisor

Receipts from sale of police squad cars	\$20,875.12
Receipts from sale of scrap and junk	23,935.61
Receipts from sale of abandoned cars	4,758.19
Receipts from sale of wrecked and unclaimed cars	1,567.50
Receipts from police auction (Net after expenses - auctioneer, etc.)	2,727.47
Receipts from sale of old equipment - miscellaneous	<u>490.71</u>
Total Receipts	\$54,354.60
Estimated value of usable equipment transferred to the various City departments at no charge	\$ 3,968.00

Comment - Although 1962 scrap tonnage was comparative to other years,
the price of scrap has been declining steadily.

CENTRAL REPRODUCTION DIVISION

		<u>1963 Estimates</u>	
<u>Performance Budget - Budgetary</u>		No. of	Unit
<u>Program</u>	<u>Unit of Work</u>	<u>Units</u>	<u>Cost</u>
Inter-departmental Mail	Mail Pickups	37,000	\$.12
Outgoing Mail	/M Pieces Mailed	1,212	56.34
Delivery Services	Orders Completed	9,100	.32
Other Central Board of Purchases Purposes	--	--	--

- Non-Budgetary (Rotary)

Administration	--
Spirit Duplication	/Master
Mimeograph	/Stencil
Offset Duplication	/Plate Run
Plate Making	Plates Made
Copy Service	/Copy
Inventory Replenishment and Control	--
Forms Composition	Jobs Completed
Audio-Visual and Camera Loan Service	Requests Handled

NON-
BUDGETARY

THE UNIVERSITY OF CHICAGO

DEPARTMENT OF CHEMISTRY

RESEARCH REPORT

NO. 1000

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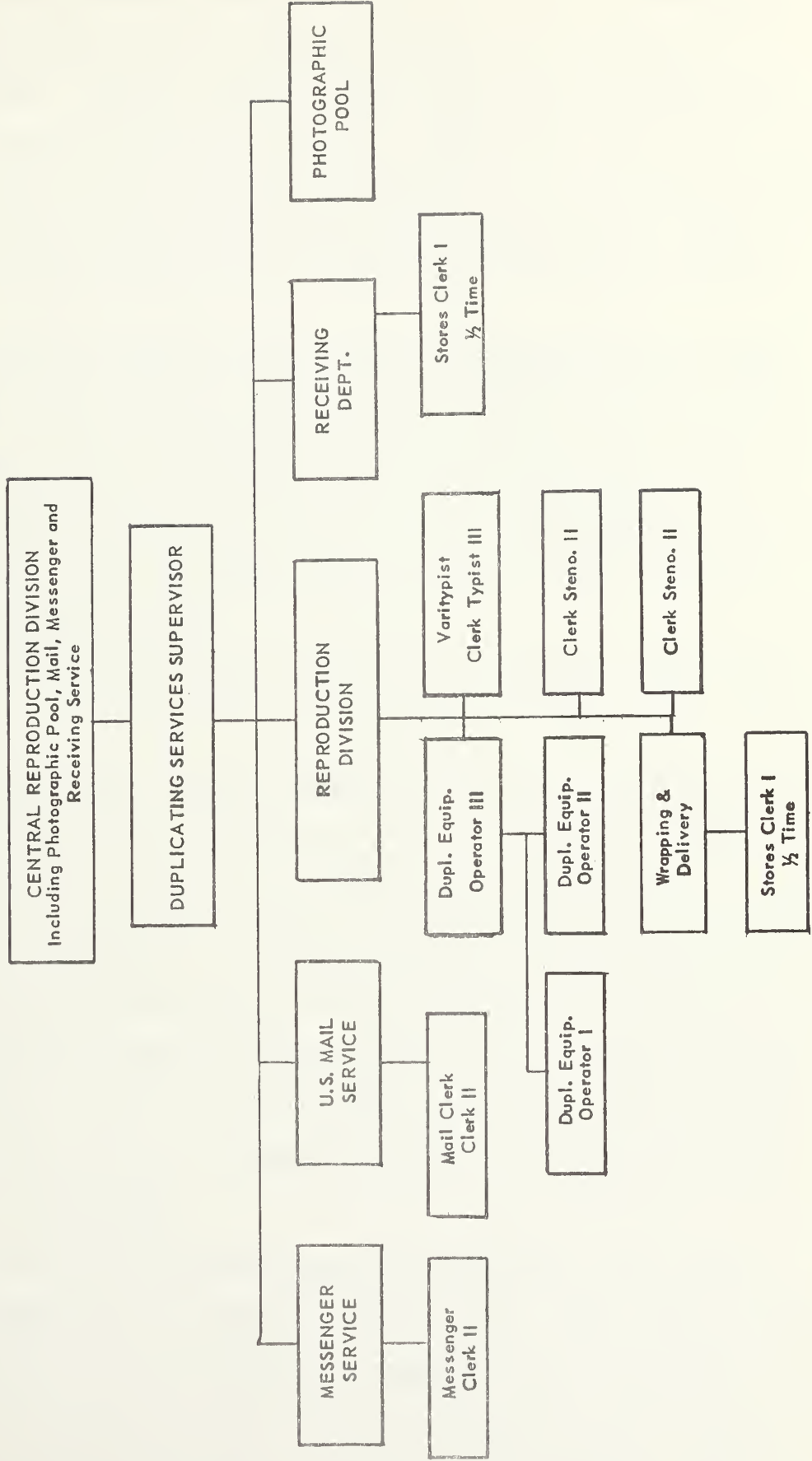
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ORGANIZATION CHART
 CENTRAL REPRODUCTION DIVISION
 CENTRAL BOARD OF PURCHASES
 CITY OF MILWAUKEE
 FEBRUARY 1, 1963



This Division reproduces duplicating work for all of the departments, boards and commissions with a few exceptions because of the confidential nature of the work. Processes used are offset duplicating, mimeographing, spirit duplicating and Xerography. Plates or stencils are kept on file for future use. Costs of this production are billed to the respective departments and payments of these charges offset the expenditures made from a rotary account.

This Division also maintains a photographic equipment pool from which all departments obtain the proper photographic, visual aid, audio and other similar equipment, which they require for a specific application. This Division also handles incoming and outgoing U.S. mail and messenger service to all departments. Three messenger trips are made each day through the City Hall and Municipal Building.

The report of M. Norbert Weber, Duplicating Services Supervisor, is as follows:

The year 1962 showed a general increase of work in all sections of the Central Reproduction Division of the Central Board of Purchases, except for the offset reproduction section. A decrease in this section can be attributed to the fact that one employee had several months of sick leave after which he retired. He was off duty from May 16, 1962, to October 5, 1962, and his duties were assumed by the Duplicating Equipment Operator III. This job was filled December 31, 1962. During the period from May to December, it was necessary to stop operation of the big press and a large number of printed forms had to be sent to outside vendors.

The mail clerk had an extended illness of seven weeks, also one mail room employee resigned to take another position. Both of these times it was necessary to take the Duplicating Equipment Operator I from his regular assigned work to run the mail room. This left one operator and it became increasingly necessary during these periods to send out additional work. At

the end of the year, this Division is still short one operator.

The total billing for work performed during the year amounted to \$76,513.99 compared to \$73,738.13 for 1961, an increase of \$2,775.86. Following is the breakdown:

Offset Reproduction	\$35,473.37
Mimeo and Spirit Duplicating	31,381.64
Copying	6,321.91
Photography	<u>3,337.07</u>
Total	\$76,513.99

There was a large increase in the use of the copying machine -

In 1962 - 90,313 copies

In 1961 - 80,519 copies

Increase- 9,794 copies

During 1961 the Accounting Modernization program installed new billing, inventory control and requisitioning procedures. These procedures were used during all of 1962 and are working quite well. Changes are still being made so that better results will be attained.

A request was made in the 1963 budget for funds to cover the repair of photographic equipment. This request was granted and it will no longer be necessary to use the unrelated rotary account for this purpose.

The postal charges to the respective departments for 1962 amounted to \$49,793.13, an increase of \$394.36 over 1961. This means an average monthly postage bill of \$4,149.43. The replacement of one of the mailing machines is definitely a necessity in 1964. Both mailing machines have seen hard usage and a major breakdown would seriously delay daily mailings.

Due to the large increase of mimeo and spirit duplicating work, photography and copying, I would like to recommend in this report a change in the composition, duplicating and billing sections. The Vari-Typist should be in charge of these sections. If this were done, the Vari-Typist would be able

to control the flow of work, institute a training program and exercise supervision of employees in these sections. It would also relieve the Supervisor of a great deal of routine clerical and supervisory duties. I believe the increase in the volume of work, amounting to \$11,051.49 in 1962 in these sections, warrants the proposed change. This program cannot be carried out, however, until a study is made by the City Service Commission and the proper classification is granted to the Vari-Typist.

In conclusion, it is interesting to note that the Central Reproduction Division has been entirely self-sustaining since its inception in 1949, having received no moneys in the budget except for the purchase of new equipment. The mail room and messenger service, handled since 1960, is operated under budget appropriations.

Chief Administrator To Mayor As Alternate Board Member

A charter ordinance passed by the Common Council provided that the Chief Administrator to the Mayor could act as his alternate, fully representing the Mayor on the Central Board of Purchases. This became effective February 20, 1962, and will assist in obtaining the necessary quorum of the busy men who serve on the Board.

Presently, the respective deputies of the Commissioner of Public Works and the City Comptroller can also represent their principals on the Board.

New Quarters

During the greater part of 1962, we were thinking about and planning a move to expanded quarters. After several revisions of plans by the Common Council Space Committee, we were finally designated to occupy the north end of the sixth floor in the City Hall. A large part of the necessary work in our old quarters, to allow the Tax Commissioner and his staff to move in, was done while we occupied the premises. This caused considerable inconvenience and disruption - to state it mildly, not the best working condition both as regards noise and dirt.

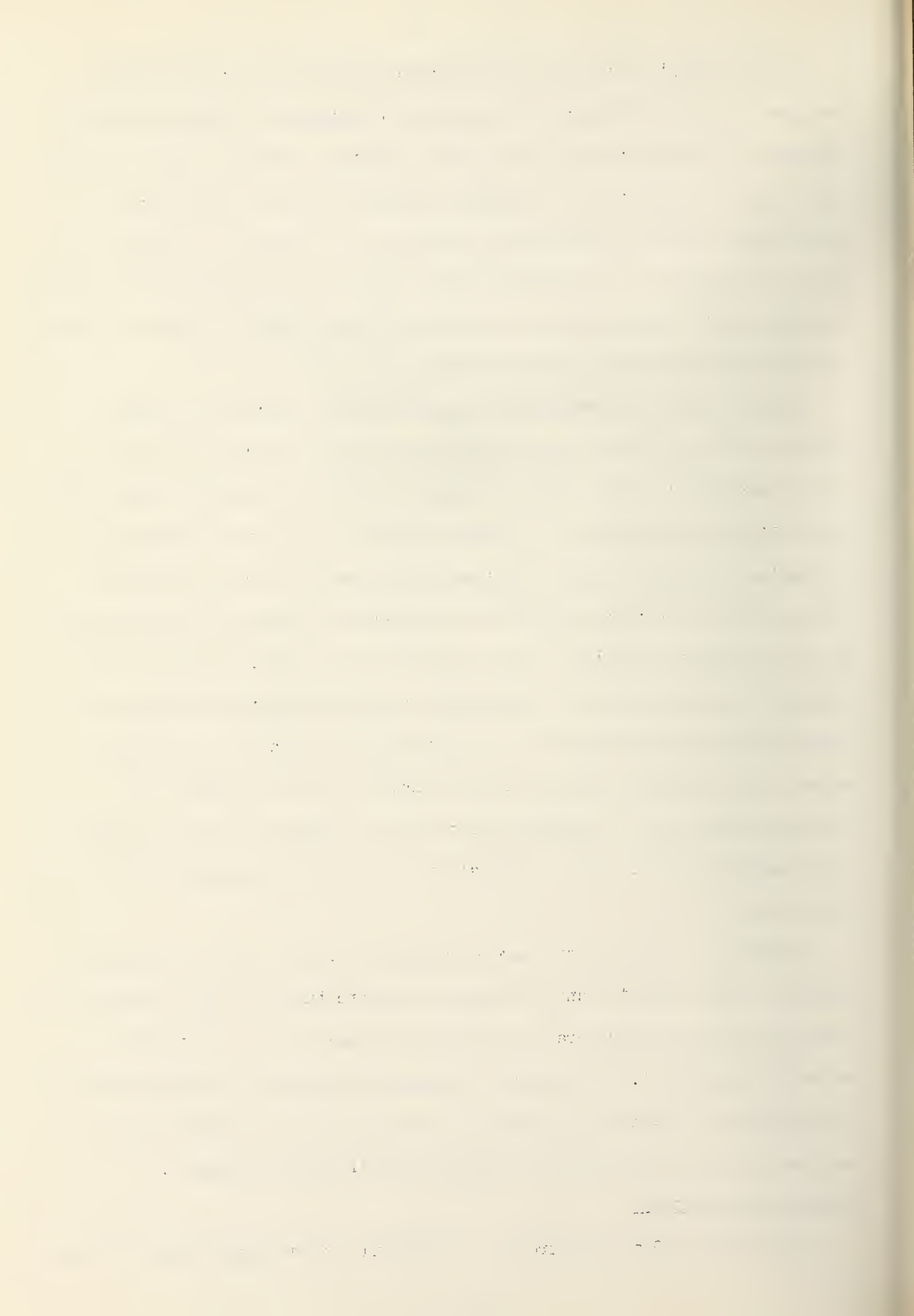
Much thought was given to the planning of the new quarters by each employee and the assistance of the Bureau of Bridges and Buildings was invaluable. The actual move was made over a weekend. However, prior to this there was much preparation, including scrutiny of materials and records accumulated over the approximately 35 years at one location. The things to be used were packed, fully identified and numbered to correspond to the newly assigned space. The entire move was made with much forethought and with very little disruption in our every day routine.

When we opened for business on Monday morning, November 19, 1962, in Room 607 of the City Hall, things were quite well organized to continue in our purchasing activities, where we had left off on the previous Friday. New equipment was conspicuous, as we were fortunate as far as the replacement program was concerned. The established policy was to replace all wooden furniture with metal and as we had previously standardized on wood furniture, we were completely outfitted in new standard metal desks, chairs and filing cabinets. An attractive color combination of the standard pearl gray with turquoise and tangerine upholstery on the chairs prevails. We had three drawer and odd shaped files which had accumulated over many years. The approved program was to replace all of these and standardize on four drawer letter and legal size files. Consequently, we are well equipped with all new files.

At the end of the year we were waiting for several pieces of equipment, notably a front counter and a bid tabulation and bulletin board. However, the receipt of these and several other pieces will ultimately round out our necessary equipment. The acoustics, lighting and expansion possibilities all make for more efficient and pleasanter working conditions, when compared to the previous quarters, which we occupied for almost four decades.

Performance Budgeting

The Central Board of Purchases, in addition to the Health Department and



the Bureau of Traffic Engineering and Electrical Services, was designated to be one of the pilot departments for preparation of the 1963 budget compiled and expressed in terms of performances and purposes. Much time was spent in assembling the necessary information relating to each of the designated purposes for the preparation and submission of the proposed 1963 budget by August 1, 1962. Not having kept records on some of the purposes, it required much time-consuming digging for this information.

This entirely new concept of budgeting required a series of many meetings and instructions for the heads of the various divisions. Much assistance was received from the Budget Supervisor and his technicians in getting ready for this new presentation of a budget request.

Many costs of various purposes were of necessity arrived at by considered guesses. There may be radical changes in comparative figures for succeeding years. However, the efforts were the best which we could offer without any detailed records. Keeping accurate statistics on these during 1963 may show some radical changes. But after this time, we should be on a sound basis for yearly comparisons of our various activities.

Organizational Change

Purchases over \$5,000, which require formal advertising, bids, award by the Board and execution of contracts, had previously been handled by the Administration Division. This part of the work, it was considered, could be much more favorably included in the Buying Division and was transferred. The preparation of formal bids is now handled by the respective buyer working with a Clerk Stenographer III, who was shifted from the Administration Division to the Buying Division.

It was advisable that this move be made as the impact of the performance budgeting program added a work load, which could not have been performed in the Administration Division without this shift.

Legal Actions

During 1962, an unusual amount of time was spent in courts and in the

For

preparation for these appearances. The main actions were the following:

Electrical Equipment - As the result of the January, 1961, indictments of major heavy electrical equipment manufacturers and their personnel for collusion in rigging bids, the City filed a claim for triple damages on any overcharges the City may have sustained in their purchases of \$812,654.40 for the twenty categories of items named in the complaints which were purchased between 1951 to 1961.

A succession of long drawn proceedings was necessary. First, a detailed search and study of the records to compile the items and transactions which were affected. Then, the defendants submitted interrogatories to which the court directed us to reply. On each of the purchases, much detailed and apparently insignificant information was requested. These were filed on June 21, 1962. Then, after these were submitted, they were returned to us November 15, 1962, requesting us to submit our responses to these interrogatories in a different form, accompanied by notarized affidavits.

This action will be in the courts for a long time and it is hoped that an early settlement, as one of the defendants has offered, will save the tremendous amount of time involved in preparation and court appearances.

Rock Salt - The City Purchasing Agent appeared as a witness in the suit of the U.S. Department of Justice against the major rock salt suppliers in this area for indential bidding over many years. The defendants were Diamond Crystal Salt Company, International Salt Company and Morton Salt Company. The trials were held in the U. S. District Court in Minneapolis and the Purchasing Agent appeared May 1 to May 4 inclusive.

All of the firms were acquitted of the price fixing charges in the criminal suit. The Department of Justice, however, indicated that they would institute proceedings for civil suits against the same firms.

Motor Trucks - Contract No. 1006, for heavy duty motor trucks with drive on four wheels, was awarded by the Board to Walter Motor Truck Company,



Voorheesville, New York. The Pelton Steel Casting Company (as a local taxpayer), sharing the interests of Oshkosh Motor Truck Company, one of the bidders, filed a suit against the City of Milwaukee to set aside the award.

This trial was heard in the Circuit Court of Milwaukee County, with Judge Harvey Neelen presiding, during February, March and April. Much technical testimony in automotive engineering was presented in the plaintiff's allegation that the truck of the Walter Motor Truck Company did not meet the specification. In a very significant opinion, Judge Neelen gave wide discretionary powers to the Central Board of Purchases.

Rock Salt Bids

On February 6, bids for our rock salt requirements for the following winter season were requested. This was on the usual basis whereby the contractor was required to stock 30,000 tons for exclusive use of the City and deliver it to the respective yards when and as needed. These bids were requested unusually early to take advantage of the then existing competition among the salt firms. All the bids were different, with Diamond Crystal Salt Company low at \$13.80 per ton - the same price at which they had the previous year's contract.

For a comparison of prices, after many years of suggestions that the City handle its own salt, the Board directed that bids be requested for 30,000 tons, approximately three boatloads, to be purchased outright by the City. Contrary to earlier belief, no satisfactory City owned dock sites were available. This required that the City Real Estate Agent procure a location. A lease with the Great Lakes Coal and Dock Company was drawn up and approved by the Common Council.

The contract for loading and hauling was awarded, after competitive bids, by the Commissioner of Public Works. This cost combined with the \$7.90 per ton charge for salt, plus an estimated 40 cents per ton for incidental costs brought the cost of the City owned salt to \$11.65 per ton. There are many

contingent factors, dependent upon the rate of consumption of the City owned salt, involved in a cost estimate. However, the saving to the City, based on the \$13.80 per ton, as previously ordered, against the new method of the City maintaining its own stock pile, amounted to \$2.15 per ton or \$64,500 on 30,000 tons. This practical comparison of the two methods, over several years, was urged by Ald. Martin E. Schreiber.

Library Furniture Testing

In the absence of adequate specifications, purchases of furniture for furnishing the various libraries have been very controversial. There are acknowledged to be four makes, all of which are in varying specific quality and price categories. Requests to other public buying agencies have failed to produce any assistance for these specifications.

The Standards and Specifications Committee, in a May meeting, requested that the possibility of naming certain makes and model numbers for qualification for bidding be studied by Allan G. Wallsworth, City Architect and the City Purchasing Agent. To establish a standard of quality, Mr. Wallsworth and William T. Harris, Administrative Assistant II in the Purchasing Department, conducted exhaustive physical tests, which it is hoped will give information to allow competitive bids on several different makes.

Conference Exhibition Of Material

At the National Institute of Governmental Purchasing Conference at Chicago in September, an exhibit of recognized material used in public purchasing departments was held. This department was invited to show its MANUAL, ANNUAL REPORT and WELCOME FOLDER. Interested attendants were allowed to make requests for the pieces in which they were most interested. We received a flattering number of names of public buying agencies who requested that these helpful pieces be sent to them.

Commodity Code Revision

During the past four years, the urgency of an early review and revision

of the commodity code index has been emphasized by the City Purchasing Agent. Budget appropriations requested for this work have not been granted and the saturation and obsolescence of this fundamental of machine accounting continues with its resulting confusion and inaccuracy of records.

This is a sizeable, time-consuming job and outside help has been requested. A recent similar revision has been accomplished for Washington, D.C., at a cost of \$45,000 and an inception of a new commodity code in San Francisco cost \$37,000. The immensity and the urgency of the work apparently has not made the appropriating officials cognizant of this need. Consequently, to get started, this work will be attempted by the regular staff in addition to their full time duties. Understandably, this will be a long drawn out project but it will get off the ground.

Lloyd D. Knapp

On April 19, 1962, Lloyd D. Knapp, Commissioner of Public Works, retired. He was a valued member of the Central Board of Purchases and served as Chairman of both the Executive and Standards and Specifications Committees. The diligent work he performed in these capacities added considerably to the City administration and is greatly appreciated.

Franklin N. Meyers Retires

The Duplicating Services Supervisor, the head of the Central Reproduction Division, Franklin N. Meyers, retired on October 5 after 33-1/2 years of employment with the City of Milwaukee. Mr. Meyers' span saw the growth from multigraph machines in each of two departments (Health and Purchasing), to a centralized division, which performs many kinds of duplication, copying, photography, plate making, etc. for all of the departments of the City. Additions of other functions - photographic pool, messenger, mail service and receiving - have made it a sizeable operation, which Mr. Meyers has been with since its inception. After constantly hearing "rush", a term synonymous with the graphic arts, we are sure he will enjoy the leisure of a well deserved

retirement. He was a dedicated City employee.

Premium Prices For Rush Order

The Community Development Department was in urgent need of 22,000 screened forms, which they wanted to order immediately from American Litho-fold Corp. at a price of \$19.18 per M or a total of \$421.96. The vendor offered a delivery time of 35 to 60 days.

We prevailed upon the department to allow us a few days to call in several prospective bidders to look at the job and submit a bid. The lowest bid was \$12.15 per M or a total of \$267.30 with a better delivery time of 20 days. The saving amounted to \$154.00 or 37 per cent. Furthermore, the buyer was able to identify supposedly, "specially colored ink" as those of a national ink firm's standard stock. These colors in the future can be identified and so specified, allowing future competition and potential savings.

Side Light At Police Auction

The annual police auction, held this year on June 30, 1962, disposes of much confiscated and unclaimed merchandise of every description. All of the available background on each piece is thoroughly checked before the sale to assure that identifiable personal property will not be sold. Many interesting stories emanate from the efforts to return these items to their rightful owners.

The following incident was a reversal of these efforts and in addition to the ingenuity of a scheme to get a nice bicycle, the potential of the brazen attempt of a ten year old youngster must be seriously considered.

The lad was standing at the edge of the barricade separating the bidding public from about 300 bicycles. He pointed out a comparatively new bike to the representative of the Purchasing Department, saying that this was his vehicle. He produced an envelope containing a bill of sale from a local department store showing a serial number which apparently agreed with the

inventory tag attached to the bicycle. Two detectives were called to check a little more thoroughly into his claim. Upon questioning, they discovered that he had borrowed a pen from one of his friends and inserted the serial number of the bike, which he hoped to get on his bill of sale.

The big stumbling block for him, however, proved to be the fact that the serial number on the bill of sale did not agree with the serial number he had copied from the inventory tag which was tied to the bicycle. Also, this bike was received at the Police Department Property Bureau in September, while his bill of sale was dated the following March. But it was a good try!

Bouquet

Commenting on purchasing activity, the October, 1962, issue of CANADIAN PURCHASOR in an editorial entitled "A Costly Blank" asks, "How do you get people to know you are around anyway?" The editor answers, "Many do it by doing their jobs well, charting their course, keeping records and reporting their progress a la City of Milwaukee - to name but one". Thanks!

Personnel Changes

Appointments -

April 16, 1962 - Mrs. Terese Kosmider, Clerk Typist I (replacing Barbara Reuter on leave of absence from March 2 to September 10, 1962)

Resignations -

July 29, 1962 - Mrs. Terese Kosmider, Clerk Typist I
October 5, 1962 - Franklin N. Meyers, Duplicating Services Supervisor
December 25, 1962 - Lyman A. Ditson, Mail Clerk

Commodity Prices

A comparison of price indexes of all commodities as of December 31 compiled by the McGill Commodity Service inc. reads as follows: (1926=100)

<u>1957</u>	<u>1958</u>	<u>1959</u>	<u>1960</u>	<u>1961</u>	<u>1962</u>
180.4	175.7	170.8	174.6	175.5	176.9

General Economy

Prices were steady during the year continuing quite competitive. Many

more bids were received than normally which was a barometer of the prevailing competition.

During the year, many firms took a good hard look at their lines of production, eliminating those which could not sustain a profit. Also a conspicuous trend was the elimination of dealers in submitting bids for several lines of products and having the manufacturer quote direct. This appears to be an accelerating practice.

Sources of Supply

While most of the orders placed in 1962 were with firms in Milwaukee or the State of Wisconsin, it is interesting to note that we also placed orders with companies located in 33 of the fifty states, the District of Columbia and six different foreign countries. The Board of Purchases gives preference to local bidders only when all things are equal and then in a sequence of published preferences, which it has adopted.

Memberships

The City of Milwaukee holds agency memberships in:

National Institute of Governmental Purchasing

Wisconsin Association of Public Purchasers

Individual memberships are held in:

National Association of Purchasing Agents (City Purchasing Agent and
Deputy City Purchasing Agent)

Milwaukee Association of Purchasing Agents (City Purchasing Agent and
Deputy City Purchasing Agent)

National Association of Hospital Purchasing Agents (Buyer)

We Are Indebted To -

After forty-five years of operation, those who have preceded us in this work and built solidly, so that the City of Milwaukee would have an outstanding purchasing organization.

Members of the Central Board of Purchases for their conscientious and dedicated service to the Board and Committees.

Members of the Milwaukee Common Council for their recognition of our objectives - especially the President of the Common Council and the Chairman of the Finance-Printing Committee who serve on the Board in an ex-officio capacity. The President of the Common Council is Vice-Chairman of the Board and has presided at most of the meetings in the absence of the Mayor, whose busy schedule prevents him from attending regularly.

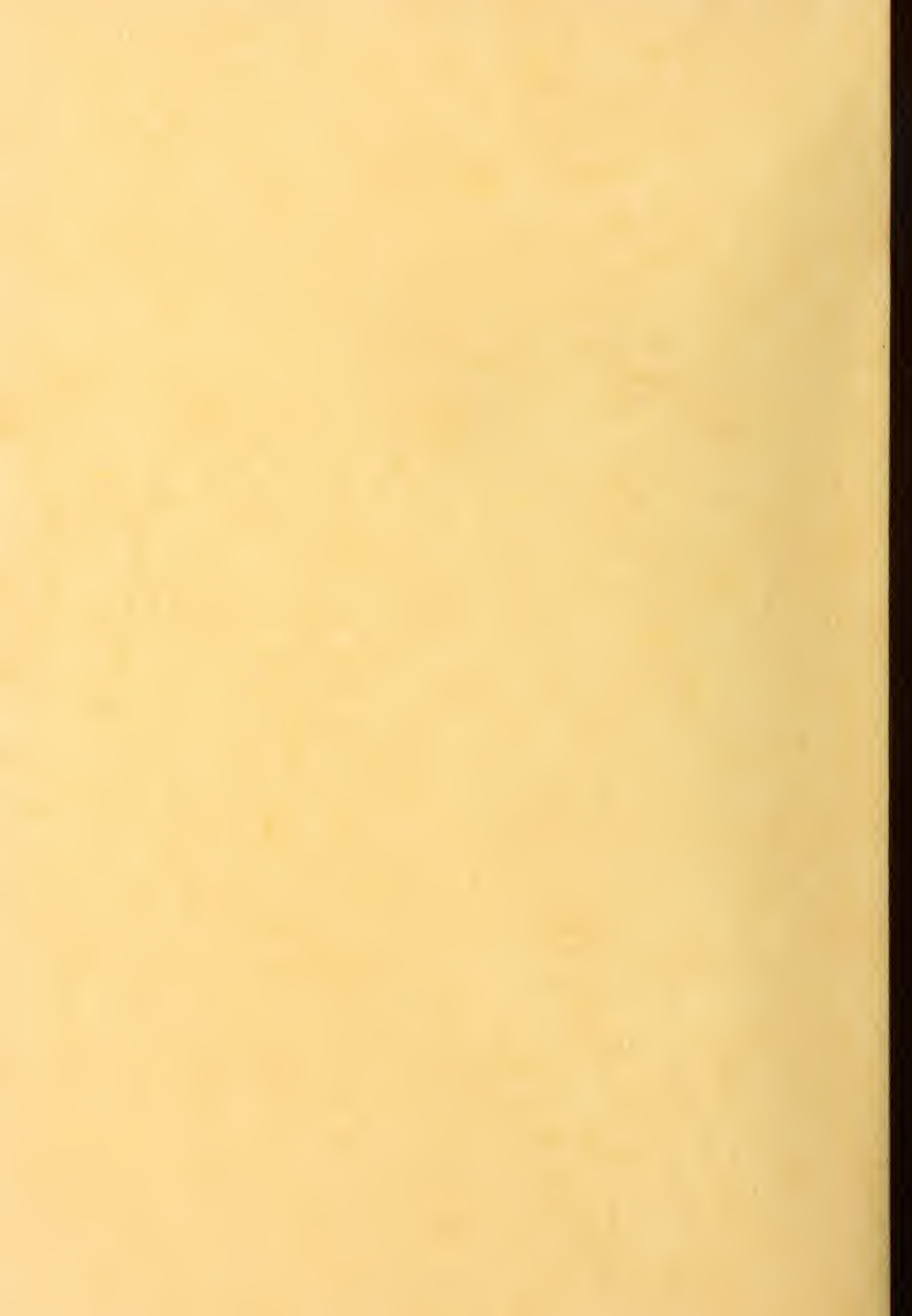
All officials, department heads and employees, who assisted in various ways when they were called upon by this department. Especially to George C. Ashton, Superintendent of Bridges and Buildings, and Allan G. Wallsworth, City Architect, for their counsel in our remodeling and moving program. Also specifically to Harold Hahn, Materials Engineer and head of the Testing Laboratory, which cooperated very closely with us in our purchasing program.

George A. Bowman, Jr., Assistant City Attorney, whose legal guidance was sought on many occasions and found invaluable.

Albert H. Hall, Executive Vice President of the National Institute of Governmental Purchasing, and his staff for furnishing or acquiring valuable professional information whenever it was requested.

Fellow public purchasing agents, whose willingness to contribute information and cooperation was conspicuous.

A devoted staff who responded with increased efforts to larger work loads under trying periods of remodeling.



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1963

ANNUAL REPORT

CENTRAL BOARD OF PURCHASES

1963

CITY OF MILWAUKEE



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ANNUAL REPORT

CENTRAL BOARD OF PURCHASES

1963

CITY OF MILWAUKEE

HENRY W. MAIER, Mayor

Chairman Central Board of Purchases

ANDREW L. LEHRBAUMMER

Secretary Central Board of Purchases and City Purchasing Agent

HOWARD A. McMILLAN

Deputy City Purchasing Agent



BUYING

MUNICIPAL WAREHOUSE

PETROLEUM PRODUCTS STORES

INVENTORY CONTROL

RECEIVING SERVICE

REPRODUCTION OF FORMS

PHOTOGRAPHIC EQUIPMENT POOL

MAIL SERVICE

MESSENGER SERVICE

SALVAGE DISPOSAL

FOREWORD

This is the forty-sixth Annual Report issued by the Central Board of Purchases, consecutive reports having been issued since 1918.

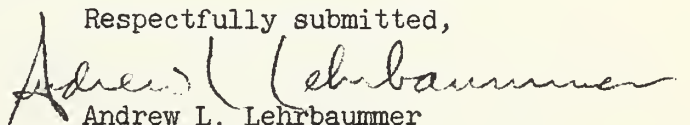
The Common Council of the City of Milwaukee publishes an annual consolidated report, in which a short sketch describing the activity of each of approximately 50 departments, boards and commissions is given. The Central Board of Purchases is included in a section highlighting its activities. This attractive publication is compiled by the Municipal Reference Librarian.

Our departmental report, necessarily restricted in cost, furnishes more details and statistics than are published in the official City of Milwaukee 1963 Annual Report. Reports compiled by other public buying agencies are exchanged and the comparison of operations affords a wealth of information and suggestions. Many mutual benefits are received through such interchange and "more value for the tax dollar" becomes a reality in addition to a slogan. Purchasers in private industry are digging deep to stretch the manufacturing dollar and better the profit picture. Likewise its counterpart in government is constantly seeking to get better mileage from the tax dollar. Many requests for information on our operations are received and this report serves as a valuable reference for such inquiries.

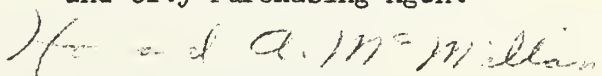
The fiscal year of the City of Milwaukee ends on January 31. Issuance of this report is necessarily delayed until after that date. This is in the midst of our busiest period. However, we strive to get this report to you before time dims the achievements.

The interest you evoke in our daily work is appreciated.

Respectfully submitted,



Andrew L. Lehrbaummer
Secretary, Central Board of Purchases
and City Purchasing Agent



Howard A. McMillan
Deputy City Purchasing Agent

I N D E X

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ORGANIZATION

Central Board of Purchases

This body was created under Chapter 297, Laws of 1917 of the State of Wisconsin, on May 21, 1917. This was the forty-sixth year in which Milwaukee has had a central purchasing authority, establishing itself as a pioneer in this concept of public purchasing. Since its inception, it is conservatively estimated that over \$50,000,000 have been saved in effecting purchases for all of the departments of the City of Milwaukee.

A conspicuous trend toward centralized buying among other public agencies has been noted. Especially since the formation of the National Institute of Governmental Purchasing in 1944 have rapid strides been made in the sensitive administrative area of public purchasing. We are proud that many municipalities and other public buying agencies throughout the United States and Canada have patterned their organization after that of the City of Milwaukee. The present ex-officio Board members are as follows:

Mayor
(Hon. Henry W. Maier)
Chairman

President of the Common Council
(Ald. Martin E. Schreiber)
Vice-Chairman

City Comptroller
(John E. Kalupa)

Chairman of the Common Council
Finance-Printing Committee
(Ald. James J. Mortier)

Budget Supervisor
(Edwin C. Whitney)

Commissioner of Public Works
(Eugene A. Schmidt - Herbert A. Goetsch)
(To - October 28 - From)

Superintendent of the Water Works
(Arthur Rynders)

This Board, composed of four elected officials and three department heads, is authorized to purchase or to provide for the purchase of all materials, supplies and equipment for the use of all departments, boards or commissions of the City government. Purchases in excess of \$5,000 require official advertising for six days and award of the contract by the Board at stated public meetings. All interested bidders are invited to attend and are

privileged to be heard. Purchases less than \$5,000 are handled by the staff.

Authority of the Board, as delegated by State law, empowers it to call upon any officer, board or commission to assist in the purchasing function. Through centralized purchasing, a generally accepted minimum saving of fifteen per cent on total purchases of \$12,404,750 or \$1,860,712 was realized during 1963.

Executive Committee

The Chairman appoints a three-man Executive Committee to function as directed by the Board and to act in emergency situations. During 1963, this Committee consisted of:

Eugene A. Schmidt - Commissioner of Public Works (Chairman) to October 28

Herbert A. Goetsch - Commissioner of Public Works (Chairman) from
October 28

John E. Kalupa - City Comptroller

Edwin C. Whitney - Budget Supervisor

Arthur Rynders - Superintendent of the Water Department (alternate)

Standards and Specifications Committee

The Executive Committee also serves as the Standards and Specifications Committee, augmented by the City Purchasing Agent. It strives for simplification and standardization of materials, supplies and equipment. The objective is to reduce the types and kinds of commodities and to make purchases of larger quantities, which among other advantages, commands lower prices. However, the major part of the time of this Committee is spent in reviewing tentative or controversial specifications with prospective bidders. This is done before bids are requested so that an acceptable specification is used and charges of "slanted" specifications are eliminated.

Department of Purchases

The City Purchasing Agent is designated by the Central Board of Purchases as the administrator of the Department of Purchases. He is responsible for the purchase of all materials, supplies, equipment and minor services (less

than \$500) for all departments, boards and commissions under the control of the Common Council. The Department operates the following four divisions with a total of 43 employees. The number of employees in each division is indicated in parenthesis.

1. Buying (12)
2. Administration (12)
3. Stores (8)
4. Central Reproduction (11)

Comparative Dollar Operation

<u>Year</u>	<u>Total Purchases</u>	<u>On A Budget Of -</u>	<u>Cash Discounts Earned</u>
1956	\$ 9,584,215	\$125,910	\$51,577.00
1957	10,233,703	132,276	61,403.15
1958	9,872,267	131,477	62,113.30
1959	10,506,388	127,755	65,385.89
1960	13,302,369	177,975	66,842.67
1961	12,277,664	161,634	72,716.81
1962	11,495,798	170,852	73,457.16
1963	12,404,750	173,468	75,614.46

Some of the conspicuous increases in the annual budgets shown above were due to the addition of functions and the required personnel. In 1960, the mail and messenger services were transferred to this department from the Department of Public Works.

Accounting method changes for certain funds also added to the total budget. For example, in 1963 the total postage bill of \$72,500 was placed in the budget of the Department of Purchases. Formerly, each department carried their own fund from which they reimbursed the Purchasing Department for postage advanced.

BUYING DIVISION

The Deputy City Purchasing Agent is in charge of this division which includes six buyers, each of whom have an assignment of a complement of

commodities. These assignments are not changed except where circumstances dictate. Accumulating experience in each of the commodities reflects greater savings to the City. All purchases less than \$5,000 are handled by this division, through which is processed approximately ninety-five per cent of the numerical volume and fifty per cent of the dollar volume of transactions. Interviewing salesmen, telephoning, correspondence, preparing bids, making awards, arranging for tests, inspections and rejections, all make the day of a buyer a very busy one.

The report of Howard A. McMillan, Deputy City Purchasing Agent, is as follows:

<u>Year</u>	<u>Number of Requisitions Received</u>	<u>Number of Purchase Orders Issued</u>	<u>Average Number of Purchase Orders per Requisition</u>
1960	14,576	19,935	1.37
1961	13,597	16,269	1.20
1962	14,447	14,484	1.00
1963	16,350	15,363	.94

Although there has been a large increase in the number of requisitions handled by the Buying Division during 1963, 13.2% over 1962, 20.2% over 1961, and 12.2% over 1960; there has been a continuing decrease in the ratio of purchase orders issued. This has reduced the work load and handling required to process and pay the purchase orders both in the purchasing and requisitioning departments.

Unusual Purchases During 1963

These are always interesting and display the amusing and wide variety of commodities bought in a public buying agency.

100 reprints of an article entitled "A Doughnut-Shaped Vessel from Kaminaljuyu with a Distributional Analysis of this Unusual Form".

3 bird cages.

24 dozen diapers.

1 tricorn hat
6 sets leg irons
2 hour glasses
40 hair pins
1/32 ounce seeds, impatiens, pink baby (pinkie)
152 dozen fertile eggs
16 pair golf rubbers
1 fish pole
1 book "Complete Guide to Gambling"
36 paper mache owls
12 pairs pallbearers' gloves
1 film entitled "The Cuckoo Clock That Wouldn't Cuckoo"
1 gentlemen paper doll

ADMINISTRATION DIVISION

The report of Mrs. Alice O. Last, head of the Administration Division, reads -

This report gives some indication of the first year's experience of this department under performance budgeting. It cannot be conclusive at this time for the reason that accounting data for only three-quarters of the year is currently available.

In working with the new budgeting procedures in 1963, it was soon learned that some of the estimates which were for the budget for the various departmental programs for the year required adjustment under practical application. The Chart of Accounts, which was the basis for the new accounting procedures under the new performance budget, required much study and analysis during the early months of the year in order to properly apply the new procedures to the various departmental accounting functions. Also, routine time card reporting by personnel required, in some instances, several weeks before common understanding was reached on the application time of

duties to proper purposes.

Below is shown the unit costs of the programs of the General Office for three quarters of 1963, compared with the estimated unit costs for the entire year of 1963 as originally established in the annual budget. This three quarters of a year expenditure of \$121,885 is comparable to the entire year budget appropriation of \$173,468. The unit purpose cost should not be changed significantly with the additional experience of one quarter year.

<u>Purpose</u>	<u>Unit Cost</u>		<u>Unit</u>
	<u>Thru Third Quarter of 1963</u>	<u>Estimates for 1963</u>	
Administration - Board or Commission	69.44	135.45	Per meeting
Purchase Requisition Control	.44	.41	Per requisition
Purchase Order Preparation	.38	.50	Per order
Expediting Purchases	1.79	2.61	Per transaction
Advertising Formal Bids	8.23	6.05	Per commodity
Soliciting Formal Bids	2.38	4.00	Per vendor
Analysis and Award of Formal Bids	32.02	27.75	Per contract
Soliciting Informal Bids	1.15	1.31	Per requisition
Analysis and Award of Informal Bids	1.47	1.25	Per award
Revision of Commodity Code	--	.18	Per item revised
Payments to Vendors	.47	.43	Per bills processed
Salvage Disposition	23.58	31.25	Per removal order
Materials Testing	12.49	30.32	Per test
Specification Preparation	9.60	10.39	Per page
Inventory Control	37.38	73.35	Per report

No unit cost is indicated for "Revision of Commodity Code" for the reason that there was no activity in this area up to September 1, 1963. On that date a Code Clerk began work to perform this function, but it anticipated

that, because of preliminary preparation for revision of the Commodity Code, no unit cost will be available for several months.

During 1963, there were 26 meetings of the Central Board of Purchases, its Executive Committee or its Standards and Specifications Committee.

A total of 19,773 requisitions were processed. On these, 15,363 purchase orders were issued to vendors after informal bidding. These represented 16,350 of the requisitions received. The balance of the requisitions received were filled within this department, by either the Stores Division or the Central Reproduction Division.

There were 1,590 transactions expedited by the Buying Division.

A total of 149 commodities were formally advertised for bids, on which 3,028 vendors were solicited. This resulted in the awarding of 163 contracts by the Board.

Removal orders issued for the sale of useable equipment, scrap and junk totalled 382.

Tests of various materials for which payments were made out of this department's funds numbered 100.

Specifications prepared by this department for the purpose of requesting bids on certain commodities totalled 644 pages.

A total of 164 reports were compiled by the Inventory Control Division.

For payments to vendors, a total of 30,129 invoices were processed. Total payments issued on purchase orders amounted to \$4,957,177.37, less cash discounts earned of \$38,619.02, or \$4,918,558.35 net. Total payments issued on contracts amounted to \$3,264,256.61, less cash discounts earned of \$9,756.70, or \$3,254,499.91 net. Total payments issued on miscellaneous payment certifications amounted to \$4,183,315.97, less cash discounts earned of \$27,238.74 or \$4,156,077.23. The total business transacted during 1963 amounted to \$12,404,749.95 and the total cash discounts earned, \$75,614.46.

STORES DIVISION

This Division carries on all the field work of the Department. This includes:

- 1) Operation of the Municipal Warehouse - (carries items of common use for all departments).
- 2) Operation of the Bulk Petroleum Plant - (Distributes gasoline, motor oil, kerosene and lubricants to the various departments).
- 3) Inventory Control - (Stock supervision is extended to include other stores locations for which a master inventory control is maintained).
- 4) Salvage Disposal - (Obsolete equipment or materials from all departments are transferred to other departments or sold. Includes scrap and junk disposal, annual police auction of unclaimed articles, sale of outdated fire hose, sealed bid sales of wrecked, abandoned and retired cars, etc.).
- 5) Partial testing, inspection and special services programs.

The report of Arthur H. Hunkel, Division Head, is as follows:

Municipal Warehouse Statistics

Receipts:-	<u>Shipments</u>	<u>Items</u>	
Warehouse stock	443	993	
Petroleum stock	<u>85</u>	<u>85</u>	
Total receipts	528	1,078	
Deliveries:-	<u>Delivery Stops</u>	<u>Delivery Tickets</u>	<u>Items</u>
Warehouse stock	1,116	3,521	8,383
Petroleum stock	<u>1,332</u>	<u>1,390</u>	<u>2,414</u>
Total deliveries	2,448	4,911	10,797
Billings:-	<u>1961</u>	<u>1962</u>	<u>1963</u>
Warehouse stock	\$125,753.46	\$138,706.83	\$140,441.01
Petroleum stock (excluding tax)	<u>114,776.82</u>	<u>116,754.43</u>	<u>115,283.14</u>
Total	\$240,530.28	\$255,461.26	\$255,724.15
State gasoline tax paid	<u>37,335.12</u>	<u>39,559.74</u>	<u>39,155.46</u>
Total billings	\$277,865.40	\$295,021.00	\$294,879.61

Physical Changes at Municipal Warehouse:

Additional storage bins were installed to accommodate some of the many commodities added to warehouse stock. The lighting system was modernized, to provide proper illumination of the shelf area.

It is recommended that about \$250 per year be appropriated for purchase of additional shelving to take care of anticipated expansion of stock.

Heating System

The warehouse heating system will soon require extensive overhaul. It would be wise at this time to consider conversion from steam to hot water heat. Wisconsin law requires full time attendance of all steam boilers, day and night, by licensed firemen. We are presently not complying. Hot water heating does not require such attendance.

Changeover, at the same time, from oil to gas fuel, would further simplify boiler operation and would reduce the annual cleaning cost. This should be included in the budget request for next year.

A boiler shutdown alarm contract has been executed so that the store-keeper or stores supervisor will be called in the event of a boiler shutdown during the night, weekend or holiday.

City Hall Stationery Stores

A stores issue room has been installed in room B17 in the Municipal Building to issue small quantities of office supplies in emergency. Nine departments took advantage of this service during the three months of operation in 1963. There were 18 pickups, amounting to \$58.38. This operation is manned by mail room personnel for two hours two days per week.

Accounting Changes

Installation of a new computer, replacing the two tabulating machines has, theoretically, increased the capacity of the machine accounting service. Reports however seem to be coming in later than ever. Apparently, the additional work load exceeds the capacity of the machine during peak periods.

Therefore, complete inventory and cost figures for 1963 are not available at this date.

Salvage Disposal Report of Frank R. Lacey, Supervisor

	<u>1963</u>	<u>1962</u>
Receipts from sale of scrap and junk	\$29,247.47	\$23,935.61
Receipts from sale of police squad cars	21,707.02	20,875.12
	(65 cars)	
Receipts from sale of abandoned cars (picked up by City)	4,978.50	4,758.19
	(224 cars)	
Receipts from sale of unclaimed and wrecked cars (declared by towing contractor)	1,404.10	1,567.50
	(55 cars)	
Receipts from police auction	3,770.85	2,727.47
Receipts from sale of old equipment-miscellaneous	<u>10,327.02</u>	<u>490.71</u>
Total Receipts	\$71,434.96	\$54,354.60

Estimated value of usable equipment transferred to the various City departments at no charge (instead of disposition).....Value \$1,936.00

CENTRAL REPRODUCTION DIVISION

The report of M. Norbert Weber, Duplicating Services Supervisor, is as follows:

This Division produces duplicating work for all of the departments, boards and commissions with a few exceptions because of the confidential nature of the work. Processes used are offset duplicating, mimeographing, spirit duplicating and Photo-Direct. Plates or original composition are kept on file for future use. Costs of this production are billed to the respective departments and payments of these charges offset the expenditures made from a rotary account.

This Division also maintains a photographic equipment pool from which all departments obtain the proper photographic, visual aid, audio and other similar equipment, which they require for a specific application. The Division also handles incoming and outgoing U.S. mail and messenger service to all departments. Three messenger trips are made each day through the City

Hall and Municipal Building. It also maintains the receiving division and is responsible for all merchandise received at the loading dock and the forwarding thereof to the requisitioning department. A part time stationery room is manned by this personnel.

The year 1963 showed a general increase of work in all sections of the Central Reproduction Division of the Central Board of Purchases. The total billing for the work performed during the year amounted to \$86,587.64 compared to \$76,513.99 for 1962, an increase of \$10,073.65 or 13%. Following is the breakdown:

	<u>1963</u>	<u>1962</u>	<u>Increase</u>
Offset reproduction	\$37,938.24	\$35,473.37	\$ 2,464.87
Mimeo and spirit duplicating	36,487.10	31,381.64	5,105.46
Copy service (Xerox 914)	8,229.76	6,321.91	1,907.85
Photography	<u>3,932.54</u>	<u>3,337.07</u>	<u>595.47</u>
Total	\$86,587.64	\$76,513.99	\$10,073.65

There was a noted increase of 30% in the use of the Xerox 914 copying machine used by all of the departments.

In 1963.....117,568 copies

In 1962.....90,313 copies

Increase..... 27,255 copies

The postal charges to the respective departments for 1963 amounted to \$61,861.27, an increase of \$12,068.14 or 24% over 1962. This signifies an average monthly postage bill of \$5,155.10 for the City. The replacement of one of the mailing machines is definitely a necessity in 1965. Both mailing machines have seen hard usage and a major breakdown would seriously delay daily mailings.

In the 1964 budget, Photo-Direct Process equipment was granted. This will replace the Xerox #4 Camera and Processor and will result in conspicuous future savings in time and money. This has been the first step in a

modernization program and additional automated equipment will be requested in the 1965 budget.

I suggest that a study be made to standardize triplicate forms as to color sequence. All City departments would use white as the original, canary for the duplicate and pink for the triplicate copy. If this were done, paper stock could be ordered from the mill pre-collated. This would save many man hours of collating and would prove a substantial saving to departments ordering these forms.

As has always been the case in the Central Reproduction Division, an unusual number of printing jobs are received to be delivered at the beginning of the year. January of 1964 proved no exception. As of January 6, one hundred and sixteen printing jobs were requested with specified delivery calling for "rush", "at once", or a specific delivery date of less than two weeks. All these terms are synonymous with printing. As of the writing of this report on February 4, 1964, 293 jobs have been received. It is obvious that our personnel cannot handle this work load without overtime. In order to eliminate as much time and a half compensatory overtime as possible, I will request a six month temporary position (January to June) in the 1965 budget.

In conclusion, it is interesting to note that the Central Reproduction Division has been entirely self-sustaining since its inception in 1949, having received no budget appropriations except for the purchase of new equipment. The U.S. mail and messenger service, handled since 1960, is operated under budget appropriations.

The Purchasing Department was called upon to furnish temporary hospitals, including the Municipal Auditorium, during the disastrous influenza epidemic of 1918 and was commended by the Commissioner of Health for its service?

* * * * *

In 1922 as a protest and to combat high prices of food surplus, canned goods from World War I were stocked in the Municipal Warehouse and sold to the public? This was spearheaded by Major Daniel W. Hoan, then Chairman of the Central Board of Purchases and a devoted Socialist.

* * * * *

Likewise, in 1921, Mayor Hoan established several "Fish Markets" throughout the City? These were housed in election shacks and big quantities of fish of various species bought by the City were sold to the public under the supervision of the City Sealer.

* * * * *

The City started a gas war in 1929? In an effort to bring gasoline prices down, Mayor Hoan had us sell City gasoline to the general public at the Asphalt Plant. Two tank cars, approximately 20,000 gallons, were sold at five cents less than the market. The two hundred dollar profit on the operation started the Debt Retirement Fund and today, the original amount has grown to well over five hundred dollars.

* * * * *

About four miles of fire hose are purchased each year?

* * * * *

The campaign to erect and finance a permanent steam locomotive exhibit was centered in this department, with former City P. A. Jos. W. Nicholson as "Chief Engineer"? After erection of a suitable display dubbed "Old Smoky" in 1957, six thousand dollars remaining was invested at 5-1/2 and 6% with the earnings providing permanent maintenance without any cost to the City. "Uncle Joe" Nicholson has contributed to posterity in the pair of his discarded shoes which the wax figured engineer in the car is wearing.

Disposal of Usable Equipment

Our first efforts, when used equipment is turned over to us for disposal, is to channel it to a department which has expressed a need for it. Heretofore, this has been on a basis of filling requests in the order in which they were received. No determination was made whether the equipment was actually needed. We relied solely on the request of the department that this was the case. Since July, such requests are made to the Bureau of the Budget, who seek the approval of the Board of Estimates for such placements. This practice allows the Bureau of the Budget to determine the need and also to be posted on each department's future new equipment requests.

Waiver of Surety Bond

A surety bond has been required on most contracts to assure performance. Occasionally, performance is completed prior to execution of the contract. The reputation of the contractor or the nature of the commodity may be such that a performance bond is superfluous.

In September, we requested bidders to state the cost of the performance bond and should the City deem it not necessary, this credit is deducted from the contract of the successful bidder.

Federal Surplus Property - Last Call!

For twenty years, we have been collaborating with the National Institute of Governmental Purchasing in an attempt to receive priority in the acquisition of excess and surplus Federal property. Many concentrated attempts have been made to allot these stocks to public agencies at fair prices. The primary request is to be informed when such property is available before it is offered to private dealers.

U.S. Senate Bill S1457 was introduced during 1963, and all who have participated in these appeals agree this is a final "now or never" effort.

Audits

During February and March, the Wisconsin Department of State Audits analyzed our department. They submitted a report commending us on our operations and records, making two minor suggestions for changes in our procedure.

Term or Blanket Contracts

Many additional items were placed under blanket contracts for the year of 1963. Such contracts, in addition to assuring a manufacturer a sizeable amount of business during the year, assist the requisitioning departments to maintain stocks which are adequate for their programs. Crowded storage facilities very often hamper departments which replenish their inventory once or twice a year. The present contracts will allow them to order out during the year as required. Pipes and fittings; curb and corporation stops; large valves and other distribution supplies required by the Water Department were placed on this basis. A review of all water pipe and fittings to be stocked was made to affect a standardization of sizes. Many special sizes were eliminated. Also, for the Bureau of Traffic Engineering and Electrical Services, concrete, aluminum and steel light poles, transformers; luminaires and fibre conduit were all placed on a blanket contract subject to withdrawal of actual requirements.

Business Opportunities Conference

At the invitation of Mayor Maier's Economic Development Division we set up a booth and participated in this meeting of prospective suppliers to governmental agencies and leading corporations with defense contracts. This was held in the Vocational School on November 22 and approximately 500 representatives of firms, anxious to sell to these buyers, were present. Notwithstanding inclement weather and the tragic news at noon (President Kennedy's assassination), 33 interviews were held with firms desirous of participating in the City's buying. Five representatives of the Purchasing Department

staffed the display throughout the day on a schedule.

Cumulative Savings After Complaints

It is interesting to note the price trends on commodities, which have been reported to the U.S. Department of Justice because of identical bids or suspected collusion. One such conspicuous item is rock salt on which the City had complained about identical bids over many years. This resulted in a U.S. Grand Jury investigation in 1961 and subsequent trials in 1962, at both of which the City Purchasing Agent testified.

In 1955, the City paid a record \$18.20 per ton delivered to the various points in the City. The economic trend should bring this price to around \$21.20 presently. The comparative bid for 1963 was \$12.20 per ton.

The assumed difference of \$9.00 per ton based on the consumption of 126,700 tons since that contract, amounts to \$1,140,300. It would be interesting to compile similar savings on other commodities on which like U.S. intervention has been made.

Tri-Sodium Phosphate Prices

Bids on City of Milwaukee cleaning powder (tri-sodium phosphate) have been consistently identical for many years. Complaints about this have been filed several times. In January, the Federal Trade Commission issued a Cease and Desist order on the manufacturers which supposedly should produce competitive prices again.

Procedure Analysis

In response to an earlier direction by the Central Board of Purchases to study the requisitioning procedure, with a view to shortening the time required for receipt of supplies and equipment, the Budget Supervisor early in the year submitted a procedural analysis of the Purchasing Department. This consisted of 35 recommendations, 22 of which were effected - some on a modified basis. One of the most discussed recommendations was the elimination of the requirement for official advertising on purchases in excess of \$5,000. In July,

upon a recommendation from the Board of Purchases for such action, the Common Council passed a Charter Ordinance permitting purchases without official advertising.

This was immediately protested by several trade associations and the Common Council directed the Central Board of Purchases to hold a hearing. After this, the Board recommended that the Common Council rescind its previous action and again require the official publication notice when purchases exceed \$5,000. The Common Council did so on December 20 and the effective date of again requiring official advertising is February 18, 1964, - sixty days after the passage of the amendment to the Charter Ordinance.

City Hall Storeroom

After recommendations in both the Accounting Modernization report in 1961 and the Procedural Analysis in 1963, a storeroom stocked with stationery items was opened in September. This will be opened for two hours on each Tuesday and Thursday p.m. The patronage for the last quarter of the year was meager.

Certification of Public Purchasing Agents

The City Purchasing Agent serves on the Professional Development Committee of the National Institute of Governmental Purchasing. For the past two years, this Committee has worked on a plan for the training and certification of purchasing agents of public agencies. The plan is about ready for implementation and includes a comprehensive syllabus at the college level and final examination by a Board of N.I.G.P. members. Mr. John F. Ward, City Purchasing Agent of Chicago is Chairman of the Committee and has contributed a great amount of time and energy to the project.

Traveling Requisitions

The use of traveling requisitions for repetitive items was started in several of the departments. The major advantages in the reuse of the same requisitions is the saving of paper work, saving of time, reduction of varied

descriptions of commodities and elimination of typing error possibility.

Late Deliveries and Liquidated Damages

On numerous occasions, the Board has been alarmed by the incidence of defaulting contractors who were charged with non-compliance of the delivery time. Often they discussed ways to protect the City.

With the introduction of liquidated damages for late deliveries on contracts for both supplies and equipment, questions arose as to the amounts to be stipulated. Both reimbursement to the City for loss sustained and the discouragement of prospective bidders to the City who, because of liquidated damages possibilities, would refrain from bidding, were considered in the discussions.

The City Purchasing Agent conducted a symposium among like-sized member cities of the National Institute of Governmental Purchasing and also obtained the prevalence of the practice of applying liquidated damages for late deliveries. By far (65 to 15), the greater majority did not and some discouraged it after having experience.

At the end of the year, the Superintendent of the Water Department and the Purchasing Agent, as an appointed committee, made a recommendation to the Board to assess 1/10 of 1% per day on equipment and supplies, which were not immediately available from some other source and by which the City suffered an actual loss.

Affiliations

City Purchasing Agent --

National Institute of Governmental Purchasing

First Vice President

Member - Professional Development Committee

Member - Identical and Rigged Bids Committee

Member - Standardization Committee

Milwaukee Association of Purchasing Agents

Chairman - Honorary and Life Membership Committee

Member - Public Relations Committee

Wisconsin Association of Public Purchasers

Past President

Deputy City Purchasing Agent --

Milwaukee Association of Purchasing Agents

Chairman - PreDinner Meeting Committee

Wisconsin Association of Public Purchasers

Membership in the Milwaukee Association of Purchasing Agents includes membership in the National Association.

Eugene A. Schmidt

Suddenly while vacationing in South Dakota, Eugene A. Schmidt, Commissioner of Public Works, a valued and dedicated Board member, died suddenly on October 28. Mr. Schmidt had served as a Board member, Chairman of the Executive Committee and Chairman of the Standards and Specifications Committee since his appointment on April 19, 1962. His wisdom and sincerity in handling matters before the Board will be sorely missed. He was succeeded by Herbert A. Goetsch.

Mary Beth Campbell

A sweet girl, who had been with us for only one and one half months, died suddenly on March 9. No one had gotten to know Mary very well during this short time in the Department, being quiet and demure, but all were shocked to learn that she had been taken from our midst so rapidly and unexpectedly.

Commodity Code

As indicated in the 1962 report, the review, revision and updating of the commodity code will be done by personnel in the Purchasing Department augmented by an additional Storekeeper II position which was approved. On

September 1, Alex Kutz a transferee from the School Board, employed there in a similar area, started with us. It is expected that, working under the supervision of Dan Moratz, Requisition Analyst, this job will continue.

The immensity of the project was emphasized in last year's report. This was confirmed in a visit to the Department of Purchases in Chicago on December 6 by O. N. Strobel, Deputy City Comptroller, the City Purchasing Agent and Dan Moratz. Their situation is similar to ours in that sections of their present commodity code are saturated and obsolete. They have nine employees working overtime at this project. They estimate it will take them four years to complete the work, having been at it two years already.

Professional Development

Buyer Leon P. Klaus completed the advanced course in Industrial Purchasing at Marquette University.

Deputy City Purchasing Agent Howard A. McMillan completed his course in public administration at the University of Wisconsin in Milwaukee and is preparing for his Masters Degree.

Buyer Harold A. Krueger attended meetings of the Hospital Purchasing Group.

The City Purchasing Agent and his Deputy attended several educational conferences and seminars relating to the purchasing field.

All of the buyers attended meetings designed to help them to be more effective in their respective assignments.

"Paved Purchases"

In April, one of the departments dealing with Community Relations planned to issue a brochure in colors. A public relations counselor, because it was a civic and humanitarian work, offered his services in creating, coordinating and laying out the job. He contacted intimate sources for assistance in various aspects of the production.

The Director of Community Relations requested the Purchasing Agent to

approve the price which the P. R. man received from a printer. The P. R. man supposedly had prevailed upon people in the graphic arts industry to do their portion of the work at cost because of the nature of the job. This amounted to \$1,400 for 7,500 copies and \$64 per M for each additional 1,000.

The Purchasing Agent had earlier consulted with the department head about this job, advising him to pay for all professional service, art, layout, plates, etc. and then take bids. When the requisition was received, the Purchasing Agent requested three competitive bids.

The low bid was \$655 for 7,500 copies and \$59 for each additional 1,000. Incidentally, the job ultimately was not ordered in color but was processed instead in black and white!

Value of Competition

Bids received on quotation No. 14, three different sizes of adjusting rings for manholes, emphasize compellingly the value of competitive bidding.

Bids were received from eight suppliers. This interest was gratifying because it was a new or "first time bid" item, which is always, more or less, exploratory. Bidders have no past bid experience or price records to guide them and are inclined to be cautious or ignore the bid.

Low bidder	\$ 836.26	. .
2nd low bidder	1,056.44	approximately 25% higher than low bidder
3rd low bidder	1,109.26	approximately 30% higher than low bidder
4th to 7th low bidder	1,169.09 to 1,882.50	approximately 40% to 80% higher than low bidder
Highest Bidder	3,947.35	approximately 472% higher than low bidder

(The department had estimated \$4,387.50 for the job)

Fasteners

Bids were opened on October 24, 1963. On one item of 80 gross of "5/16" machine screw nuts", we received six bids. These prices were \$1.98, \$2.22, \$3.76, \$4.10, \$5.76, and \$7.90, approximately a range of 400%. Another

item of 5,000 "1/4 x 1-1/4" cap screws" produced five prices of \$1.20 /C, \$2.77 /C, \$3.50 /C, \$4.48 /C, and \$8.00 /C, a range of over 750%.

Personnel Changes

<u>Name - Title - Division</u>	<u>Action</u>	<u>Effective Date</u>
Gene Knoske Messenger Central Reproduction Division	Transferred from Library.....	January 7, 1963 Resigned.....September 24, 1963
William T. Harris Administrative Assistant II Stores Division	Retired.....	February 1, 1963
Mary Beth Campbell Clerk Typist II Administrative Division	Appointed..... Deceased.....	February 11, 1963 March 12, 1963
Lyman Ditson Clerk II Central Reproduction Division	Transferred from Water Department.....	February 25, 1963
Curtis Seefeldt Duplicating Equipment Operator Central Reproduction Division	Appointed.....	March 4, 1963
Joyce Johnson Clerk Typist I Administrative Division	Appointed.....	April 1, 1963
Gordon Radtke, Jr. Specification Engineer Buying Division	Appointed.....	July 1, 1963
Alex Kutz Stores Clerk II Buying Division	Transferred from School Board.....	September 1, 1963
Salvatore Bartalotta Messenger Central Reproduction Division	Transferred from Library.....	September 30, 1963
Mary Sorensen Clerk Typist II Central Reproduction Division	Leave of Absence.....	November 18, 1963

Commodity Prices Trend

An annual comparison of price indexes for all commodities as of

December 31 compiled by the McGill Commodity Service Inc. reads as follows:

(1926=100)

Pre-War

<u>1939</u>	<u>1958</u>	<u>1959</u>	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>
63.7	175.7	170.8	174.6	175.5	176.9	175.2

Thanks To --

Those who have preceded and thoughtfully built a strong department on sound fundamentals so that the City of Milwaukee would have an exemplary purchasing organization.

Members of the Central Board of Purchases for their thoughtful and patient deliberation on matters before the Board and Committees.

Members of the Common Council for their support of our requests. Special note should be made here of the work of the President of the Common Council and the Chairman of the Finance-Printing Committee who serve on the Board in an ex-officio capacity. The President of the Common Council has been elected Vice-Chairman of the Board. As the Mayor's busy schedule prevents him from attending regularly, the Vice-Chairman has presided at most of the meetings.

All officials, department heads and employees, who assisted in various ways when they were called upon by this department.

George A. Bowman, Jr., Assistant City Attorney, whose handled the legal aspects of most of our work for his sage counsel.

Albert H. Hall, Executive Vice President of the National Institute of Governmental Purchasing and his staff for having deep concern for the assistance to member agencies.

Fellow public purchasing agents for the unselfish professional contributions which were made.

A loyal and dedicated staff who are cognizant of the aims and objectives of a public buying agency and who strive to reach them with good cooperation and harmony.



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1964

ANNUAL REPORT

CENTRAL BOARD OF PURCHASES

1964

CITY OF MILWAUKEE

University of Wisconsin

JUL 7 1965



ANNUAL REPORT

CENTRAL BOARD OF PURCHASES

1964

CITY OF MILWAUKEE

ING
MUNICIPAL WAREHOUSE
PETROLEUM PRODUCTS STORES
INVENTORY CONTROL
RECEIVING SERVICE

HENRY W. MAIER, Mayor
Chairman Central Board of Purchases

ANDREW L. LEHRBAUMMER
Secretary Central Board of Purchases and City Purchasing Agent

HOWARD A. McMILLAN
Deputy City Purchasing Agent

REPRODUCTION OF FORMS
PHOTOGRAPHIC EQUIPMENT POOL
MAIL SERVICE
MESSENGER SERVICE
SALVAGE DISPOSAL



FOREWORD
ORGANIZATION

BUYING DIVISION

ADMINISTRATION DIVISION

STORES DIVISION

CENTRAL REPRODUCTION DIVISION

DID YOU KNOW THAT---

SIGNIFICANT PROGRESS-INNOVATIONS-EVENTS

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This Annual Report issued by the Central Board of Purchases is the forty-eighth. Consecutive reports have been issued since 1918. The Common Council of the City of Milwaukee publishes an annual directory and report of City progress in which a short description of the operations of each of approximately fifty departments, boards and commissions appears. The Central Board of Purchases is included in a section highlighting its activities. This attractive publication is compiled by the Municipal Reference Librarian. This departmental report, necessarily restricted in cost, furnishes more details and statistics than are published in the official City of Milwaukee 1964 Annual Report.

This report is exchanged with those compiled by other public buying agencies and the comparison of operations affords a wealth of information and suggestions. Many mutual benefits are received through such interchange and "More Value For the Tax Dollar" becomes a reality in addition to a slogan. Private industry is

F O R E W O R D
O R G A N I Z A T I O N

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S T O R E S D I V I S I O N

C E N T R A L R E P R O D U C T I O N D I V I S I O N

D I D Y O U K N O W T H A T - - -

S I G N I F I C A N T P R O G R E S S - I N N O V A T I O N S - E V E N T S

A F F I L I A T I O N S

P E R S O N N E L

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T A X E S

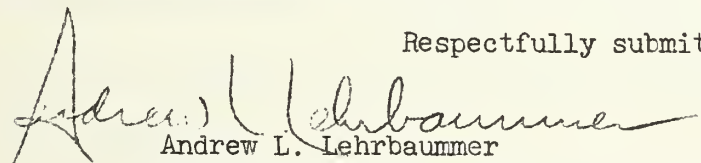
looking to its purchasing people to improve the profit picture in these competitive days of larger gross sales and smaller earnings. Likewise its counterpart in government is constantly seeking to get better mileage from the tax dollar as public agencies are cognizant that purchasing is a tax-cutting function.

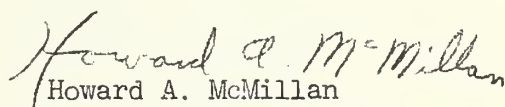
Many requests for information on our operations are received and this report serves as a valuable reference for such inquiries.

Much statistical information is not compiled until after February 1. Issuance of this report is necessarily delayed until after that date, which runs into our busiest period. However, we strive to issue this report as soon as practicable.

Your interest in our daily operations and accomplishments is appreciated.

Respectfully submitted,


Andrew L. Lehrbaummer
Secretary, Central Board of Purchases
and City Purchasing Agent


Howard A. McMillan
Deputy City Purchasing Agent

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CENTRAL BOARD OF PURCHASES

- was created under Chapter 297, Laws of 1917 of the State of Wisconsin, on May 21, 1917. This was the forty-seventh year Milwaukee has had a highly successful central purchasing authority, establishing itself as a pioneer in this growing concept of public purchasing. Since its inception, it is conservatively estimated that at the generally accepted fifteen per cent saving, over \$50,000,000 have been added to the coffers of the City of Milwaukee.

An accelerating trend toward centralized buying among other public bodies has been noted. With mounting financial woes, this program helps to stretch the tax dollar. Especially since the formation of the National Institute of Governmental Purchasing in 1944 have rapid strides been made in the sensitive administrative area of public purchasing. It is gratifying that many public buying agencies throughout the United States and Canada are patterned after that of the City of Milwaukee.

The present ex-officio Board members are as follows:

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STORES DIVISION

CENTRAL REPRODUCTION DIVISION

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Mayor
(Hon. Henry W. Maier)
Chairman

President of the Common Council
(Ald. Martin E. Schreiber)
Vice-Chairman

City Comptroller
(John E. Kalupa)

Chairman of the Common Council
Finance-Printing Committee
(Ald. James J. Mortier)

Budget Supervisor
(Edwin C. Whitney)

Commissioner of Public Works
(Herbert A. Goetsch)

Superintendent of the Water Works
(Elmer W. Becker)

This Board, composed of four elected officials and three department heads, is authorized to purchase or to provide for the purchase of all materials, supplies and equipment for the use of all departments, boards or commissions of the City government. Purchases in excess of \$5,000 require official advertising for six days and award of the contract by the Board at stated public meetings. All interested bidders are invited to attend and are privileged to be heard. Purchases less than \$5,000 are handled by the staff.

Authority of the Board, as delegated by State law, empowers it to call

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D I D Y O U K N O W T H A T - - -

S I G N I F I C A N T P R O G R E S S - I N N O V A T I O N S - E V E N T S

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upon any officer, board or commission to assist in the purchasing function. Through centralized purchasing, the established saving of fifteen per cent on total purchases of \$12,049,834 or \$1,807,475 was realized during 1964.

EXECUTIVE COMMITTEE

The Chairman annually appoints a three-man Executive Committee to function as directed by the Board and to act in emergency situations. During 1964, this Committee consisted of:

Herbert A. Goetsch - Commissioner of Public Works (Chairman)

John E. Kalupa - City Comptroller

Edwin C. Whitney - Budget Supervisor

Elmer W. Becker - Superintendent of the Water Department (alternate)

STANDARDS AND SPECIFICATIONS COMMITTEE

The Executive Committee also serves as the Standards and Specifications Committee, augmented by the City Purchasing Agent. It strives for simplification and standardization of materials, supplies and equipment. The objective is to

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reduce the types and kinds of commodities allowing the competitive purchases of larger quantities, which among other advantages, commands lower prices.

The major part of the time of this Committee, however, is spent in reviewing tentative or controversial equipment specifications with prospective bidders. This review takes place before bids are requested so that an acceptable specification is employed and charges of "slanted" specifications are eliminated.

DEPARTMENT OF PURCHASES

The City Purchasing Agent is designated by the Central Board of Purchases as the administrator of the Department of Purchases. He is responsible for the purchase of all materials, supplies, equipment and minor services (less than \$1,000) for all departments, boards and commissions under the control of the Common Council, with a few statutory exceptions. The Department operates the following four divisions with a total of 43 employees. The number of employees in each division is indicated in parenthesis.

1. Buying (12)

BUYING DIVISION

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2. Administration (12)
3. Stores (8)
4. Central Reproduction (11)

COMPARATIVE DOLLAR OPERATION

<u>Year</u>	<u>Total Purchases</u>	<u>On A Budget Of -</u>	<u>Cash Discounts Earned</u>
1956	\$ 9,584,215	\$125,910	\$51,577
1957	10,233,703	132,276	61,403
1958	9,872,267	131,477	62,113
1959	10,506,388	127,755	65,385
1960	13,302,369	177,975	66,842
1961	12,277,664	161,988	72,716
1962	11,495,798	174,773	73,457
1963	12,404,750	247,293	75,614
1964	12,049,834	203,704	68,297

BUYING DIVISION

ADMINISTRATION DIVISION

STORES DIVISION

CENTRAL REPRODUCTION DIVISION

DID YOU KNOW THAT - - -

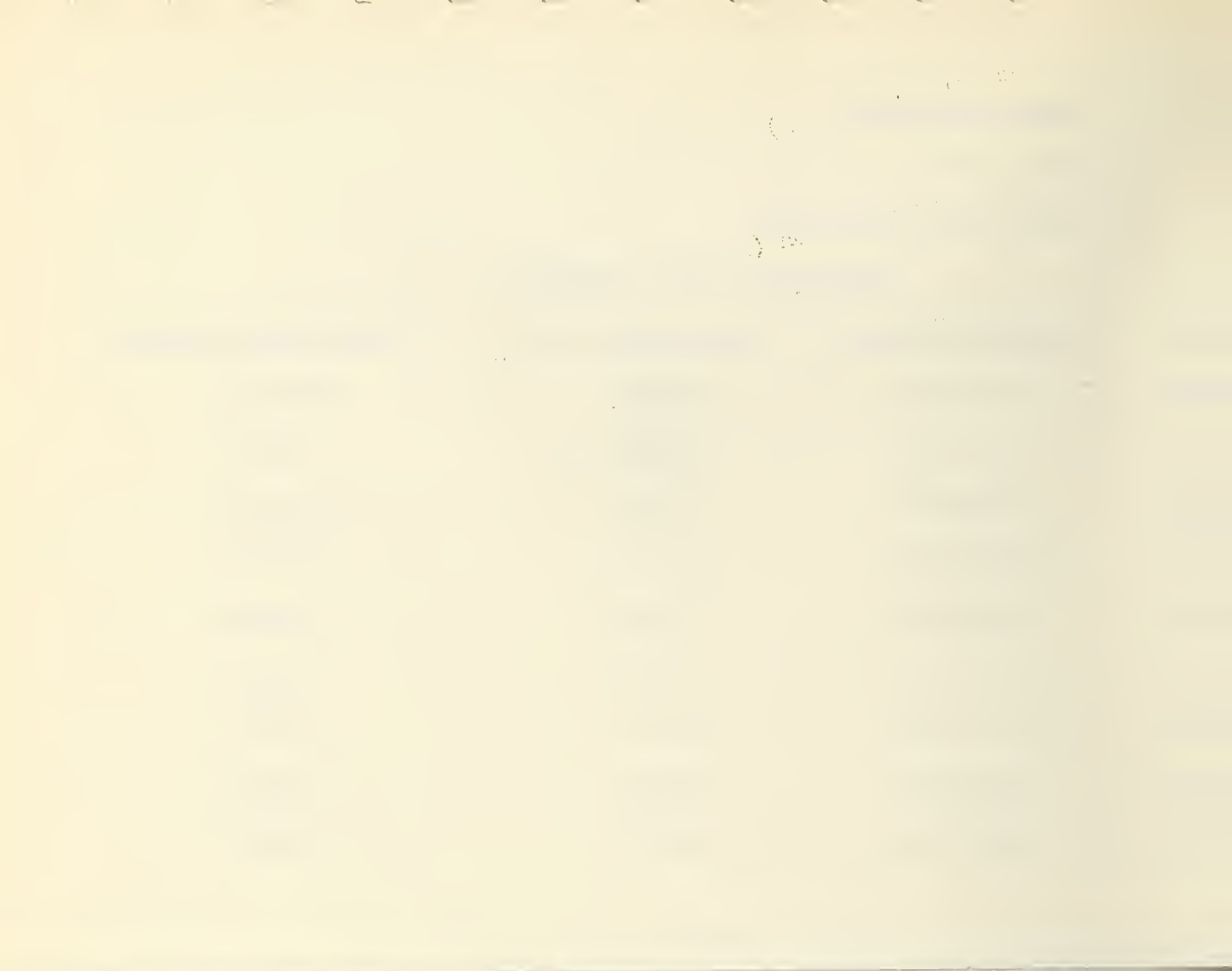
SIGNIFICANT PROGRESS - INNOVATIONS - EVENTS

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Some of the conspicuous increases in the annual budgets shown above were due to the addition of functions and the required personnel. In 1960, the mail and messenger services were transferred to this department from the Department of Public Works

Accounting method changes for certain funds also added to the total budget. For example, in 1963 the postage bill for all departments amounting to \$72,500 was placed in the budget of the Department of Purchases. Formerly, each department budgeted their own funds from which they reimbursed the Purchasing Department for postage advanced.

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C E N T R A L R E P R O D U C T I O N D I V I S I O N

D I D Y O U K N O W T H A T - - -

S I G N I F I C A N T P R O G R E S S - I N N O V A T I O N S - E V E N T S

A F F I L I A T I O N S

P E R S O N N E L

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Howard A. McMillan, the Deputy City Purchasing Agent is in charge of this division which includes six buyers, each of whom have an assignment of a complement of commodities. These assignments are not changed except where circumstances dictate. Accumulating buyer experience in each of the commodities reflects continuous greater savings to the City. All purchases less than \$5,000 are handled by this division, through which is processed approximately ninety-five per cent of the numerical volume or fifty per cent of the dollar volume of transactions. Written sealed bids opened publicly are solicited whenever practicable. Interviewing salesmen; telephoning; correspondence; preparing bids; making awards; arranging for tests, inspections and rejections, all make the day of a buyer a very busy one. Buyers are required to be college graduates, start at the I level and after five annual increments, advance to the Buyer II range which also provides for five annual increments.

The comparative report of transactions depicts the continuing effort to reduce paperwork and affect multiple savings.

B U Y I N G D I V I S I O N

A D M I N I S T R A T I O N D I V I S I O N

S T O R E S D I V I S I O N

C E N T R A L R E P R O D U C T I O N D I V I S I O N

D I D Y O U K N O W T H A T - - -

S I G N I F I C A N T P R O G R E S S - I N N O V A T I O N S - E V E N T S

A F F I L I A T I O N S

P E R S O N N E L

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T A X E S



<u>Year</u>	<u>Number of Requisitions Received</u>	<u>Number of Purchase Orders Issued</u>	<u>Average Number of Purchase Orders per Requisition</u>
1960	14,576	19,935	1.37
1961	13,597	16,269	1.20
1962	14,447	14,484	1.00
1963	16,350	15,363	.94
1964	15,694	13,370	.86

This remarkable reduction of 37% in the number of purchase orders issued over the last five years, shows the results of persistent and relentless efforts in this direction. Much personnel time saving, including purchasing, accounting, accounts payable and handling of many documents has resulted from this program.

Unusual Purchases In 1964

Public buying agencies purchase a wide variety of items. Some bring a smile to the buyers. While the reporting of these is trite, the list still makes for interesting observations and imaginative uses.

1 vial	Anti-human serum
1	Crochet hook

A D M I N I S T R A T I O N D I V I S I O N

S T O R E S D I V I S I O N

C E N T R A L R E P R O D U C T I O N D I V I S I O N

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2	Photogenic snoots
1 pair	Reindeer skin mukluks with chewed oogruk soles
1	Pewter Tankard
6	Domesticated pigeons
1 book	"Grand Old American Bottles"
6	Maroon bow ties
100 ml	Horse blood
1	Cutie pie
12	Rope lariats
1	Plastic model of a "Bladderwort"
1	Specimen of Mule jawbone with loose teeth
1	Motion picture "A letter to Grandmother"
1 pair	Bayberry candles
1 book	"Genera Siphonogamarum and Systema Englerianum Conscripta"
30	Second-hand bird perches
1	Slovenian doll
1,000	Booklets "Oh! My Back."

ADMINISTRATION DIVISION

STORES DIVISION

CENTRAL REPRODUCTION DIVISION

DID YOU KNOW THAT - - -

SIGNIFICANT PROGRESS - INNOVATIONS - EVENTS

AFFILIATIONS

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Inspection and Testing

Unless we can be assured that the delivery complies with the specification and we receive what we are paying for, we have not made a good purchase. Therefore, inspection and testing is considered a vital part of the buying program. Most of the tests on deliveries are performed by the City Testing Laboratory under the Bureau of Engineers. These costs are charged to us. While each delivery is not checked, the possibility of an inspection keep all vendors on their toes and exerts a conspicuous psychology. In the event of rejection, vendors are given one opportunity only for satisfactory replacement.

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Business Transacted - 1964

	<u>Expenditures</u>	<u>Cash Discount Earned</u>
Purchase Orders	\$4,721,830.25	\$37,782.58
Contracts	2,852,347.07	7,421.91
Miscellaneous Payment Certification Vouchers	<u>4,475,657.38</u>	<u>23,093.11</u>
	\$12,049,834.70	\$68,297.60

Performance Budgeting

This department in 1963 was one of the three pilot departments to prepare their budget under this new format. With two years of actual experience and the required adjustments now have the cost of the various purposes or indicators of operation quite well stabilized. The annual comparison of these becomes a useful management tool and a barometer of the efficiency of our operations.

Below is the report of Mrs. Alice O. Last, head of the Administration Division, showing the unit costs of the purposes of the General Office for 1963 and 1964.

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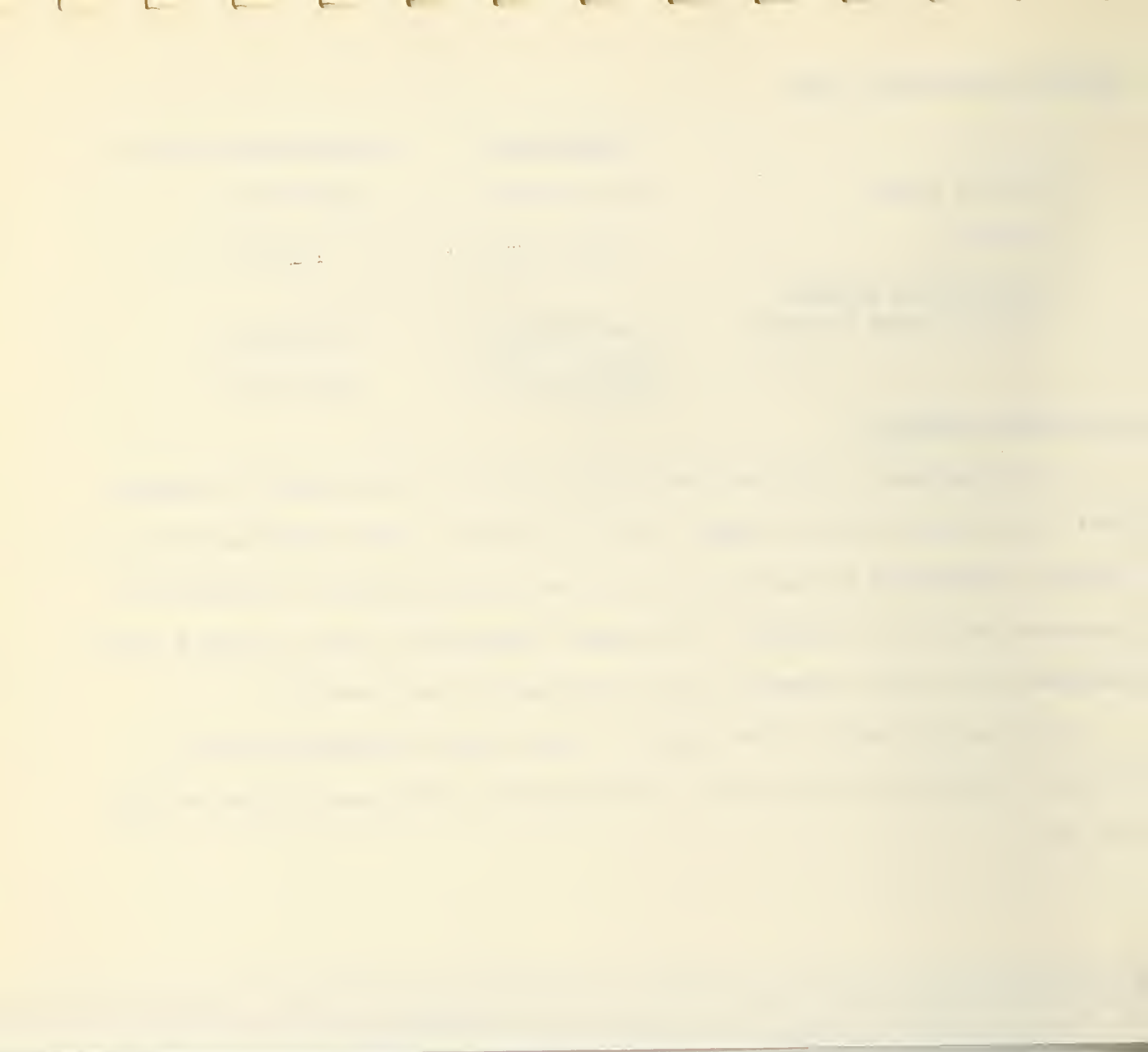
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Comparison of Unit Costs

	<u>1963</u>	<u>1964</u>
Administration Board or Commission		
Meetings held	26	26
Expenditure per unit	61.96	66.30
Purchase Requisition Control		
Requisitions Processed	19,773	19,840
Expenditure per unit	.45	.47
Purchase Order Preparation		
Purchase Orders Prepared	15,363	13,370
Expenditure per unit	.40	.50
Expediting Purchases		
Number Expedited	1,590	1,356
Expenditure per unit	1.61	.82
Advertising Formal Bids		
Commodities Advertised	149	123
Expenditure per unit	7.79	5.57
Soliciting Formal Bids		
Vendors Solicited	3,028	2,327
Expenditure per unit	2.71	3.61
Analysis and Award of Formal Bids		
Number of contracts	163	143
Expenditure per unit	34.33	31.46

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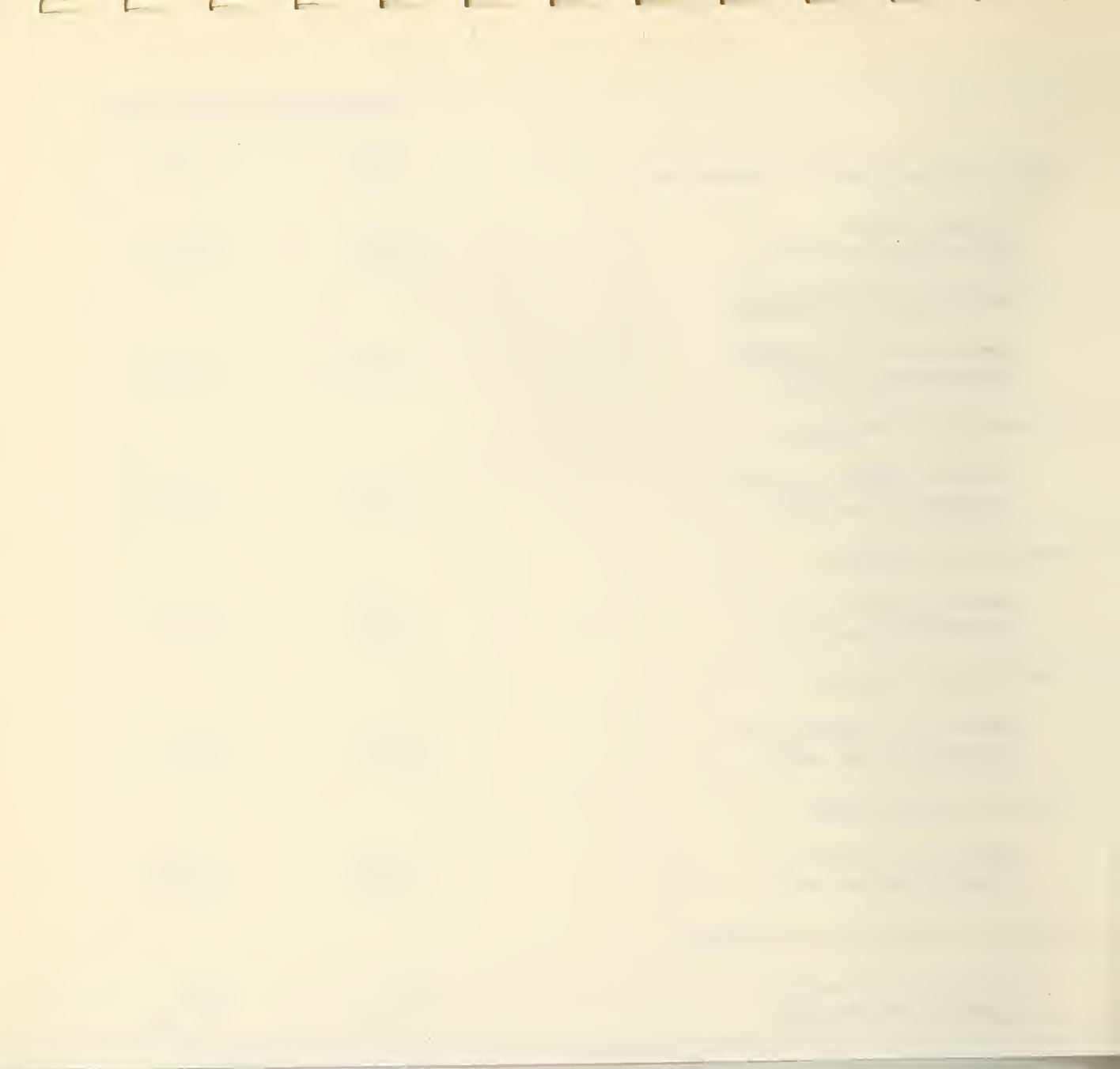
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Soliciting Informal Bids

Requisitions Processed	16,350	15,894
Expenditure per unit	1.21	1.52

Analysis and Award of Informal Bids

Awards Made	15,363	13,370
Expenditure per unit	1.53	1.88

Revision of Commodity Code

Items Revised	--	--
---------------	----	----

Payments of Vendors

Bills Processed	30,129	28,812
Expenditure per unit	.47	.52

Salvage Disposition

Removal Orders Issued	382	508
Expenditure per unit	22.85	19.39

Materials Testing

Tests Performed	100	216
Expenditure per unit	19.27	15.56

Specification Preparation

Pages	644	343
Expenditure per unit	12.33	29.38

Inventory Control

Reports Furnished	164	160
Expenditure per unit	41.69	40.92

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This division carries on all of the field work of the Department. This includes:

- 1) Operation of the Municipal Warehouse - (Carries items of common use for all departments).
- 2) Operation of the Bulk Petroleum Plant - (Distributes gasoline, motor oil, kerosene and lubricants to the various departments).
- 3) Inventory Control - (Stock supervision is extended to include other stores locations for which a master inventory control is maintained).
- 4) Salvage Disposal - (Obsolete equipment or materials from all departments are transferred to other departments or sold. Includes scrap and junk disposal, annual police auction of unclaimed articles, sale of outdated fire hose, sealed bid sales of wrecked, abandoned and retired cars, etc.).
- 5) Partial testing, inspection and special services programs.

The report of Arthur H. Hunkel, division head, is as follows:

Municipal Warehouse Statistics

Inventories, annual	<u>December 31, 1963</u>	<u>December 26, 1964</u>
Warehouse stock	\$119,727.42	\$110,817.87
Petroleum stock	18,599.57	18,602.76
City Hall stationery stores	<u>442.28</u>	<u>413.95</u>
Total stock	\$138,769.27	\$129,834.58
State gasoline tax	<u>6,780.00</u>	<u>7,575.00</u>
Total inventory	\$145,549.27	\$137,409.58

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Receipts:	<u>Shipments</u>	<u>Items</u>	
Warehouse stock	337	766	
Petroleum stock	<u>70</u>	<u>93</u>	
Total receipts	407	859	
Deliveries:	<u>Delivery stops</u>	<u>Delivery tickets</u>	<u>Items</u>
Warehouse stock	849	3,586	8,772
Petroleum stock	<u>1,330</u>	<u>1,390</u>	<u>2,396</u>
Total deliveries	2,179	4,976	11,168
Billings:	<u>1962</u>	<u>1963</u>	<u>1964</u>
Warehouse stock	\$138,706.83	\$140,441.01	\$144,399.39
Petroleum stock	<u>116,754.43</u>	<u>115,283.14</u>	<u>116,788.14</u>
Total stock	\$255,461.26	\$255,724.15	\$261,187.53
State gasoline tax billed	<u>39,559.74</u>	<u>39,155.46</u>	<u>40,731.18</u>
Total billings	\$295,021.00	\$294,879.61	\$301,918.71

General Comments

Warehouse disbursements continue to increase, slowly but steadily. As buyers recommend new items, they are added to stock whenever feasible. Using departments benefit by the ready availability of standardized, tested materials.

Petroleum products disbursements remain steady, despite the installation of large gasoline tanks at newly built facilities, which receive direct transport

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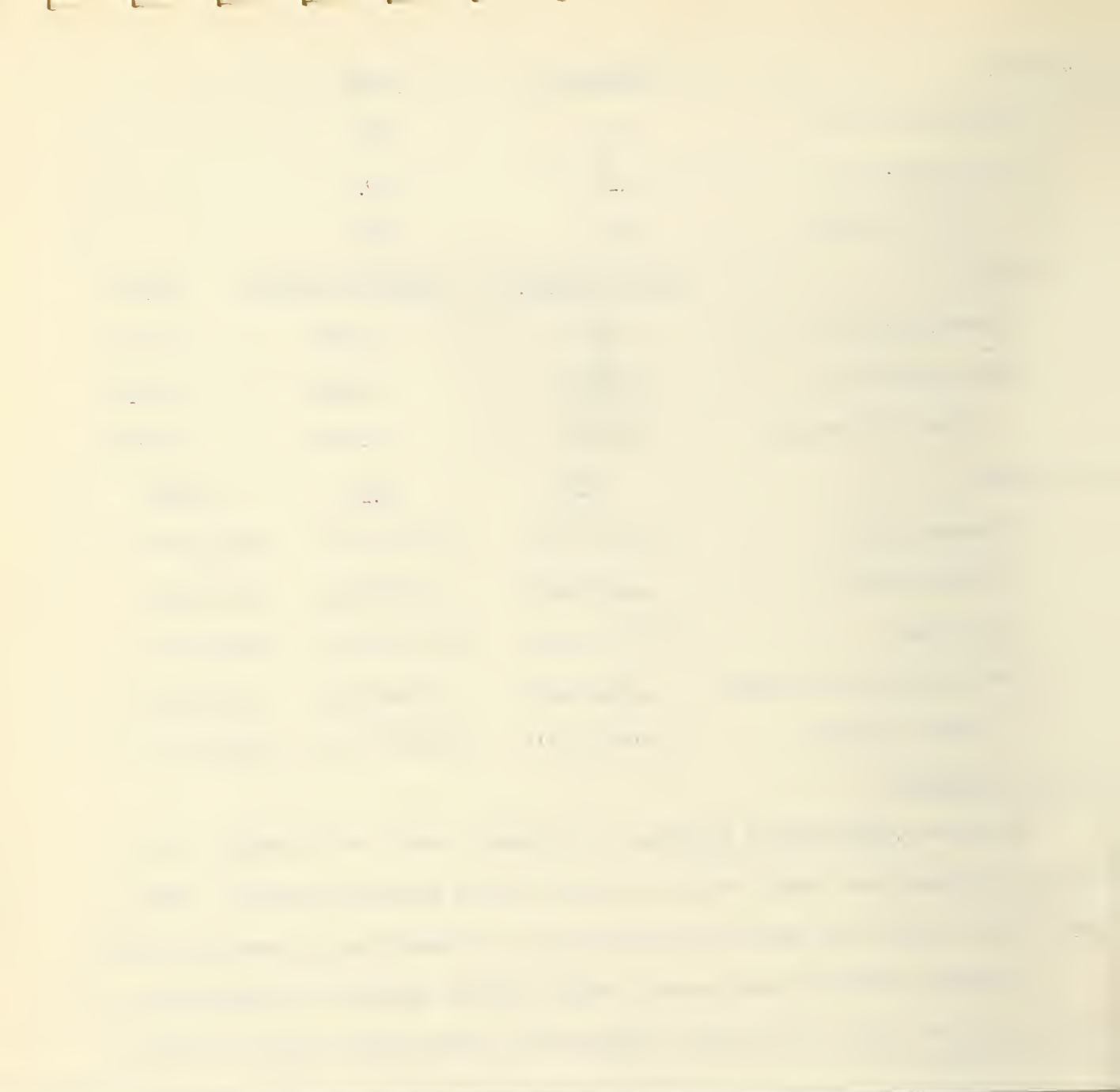
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deliveries.

The City Hall stationery stores in its first full calendar year of operation, handled 60 issues, with a total billing of \$110.87. This is intended for emergency issues.

Stock Catalog

The 1964 edition of the stock catalog was published and distributed. A special effort was made to provide a copy for each person who originates requisitions.

Recommendations

The small volume of "emergency" disbursements from the City Hall stationery stores seems to indicate that there is no great need for this facility. I recommend discontinuance of its operation.

The Warehouse requires additional shelving for proper storage of new items being constantly added to the inventory. Authorization to buy \$250 worth of shelving annually would help to provide proper and efficient storage facilities for the constantly increasing number of commodities carried in stock.

The warehouse delivery truck has been in service since 1954. Repairs to this aging vehicle keep it out of operation for long periods of time, waiting for parts which no longer are readily available. Delivery service at such times is seriously disrupted.

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The Bureau of Municipal Equipment should be requested to provide a new truck, of greater capacity, and modified to meet our present delivery requirements.

The steam heating system at the warehouse will soon require extensive overhaul and repair. Rather than spend this money, I feel that one of the modern gas-fired systems now available should replace the steam plant. The cost of converting to one of these systems has been roughly estimated at \$5,000.

The Wisconsin boiler code requires that steam boilers be attended by a licensed fireman at all times while the boiler is in operation. Enforcement of this rule would require us to hire two extra men to stand by the boiler at night and on weekends, during the heating season. Their annual wage would exceed the one-time expenditure for conversion to another heating system.

I recommend inclusion of a 1966 appropriation to convert the heating system.

Salvage Disposal Report of Frank R. Lacey, Supervisor

	<u>1964</u>	<u>1963</u>	<u>1962</u>
Receipts from sale of scrap and junk	\$38,646.84	\$29,247.47	\$23,935.61
Receipts from sale of police squad cars	21,650.44	21,707.02	20,875.12
Receipts from sale of abandoned cars (picked up by City)	7,756.19	4,978.50	4,758.19
Receipts from sale of unclaimed and wrecked cars (declared by towing contractor)	2,643.10	1,404.10	1,567.50

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Receipts from police auction	\$ 3,685.65	\$ 3,770.85	\$ 2,727.47
Receipts from sale of old equipment-			
Miscellaneous	<u>2,322.18</u>	<u>10,327.02</u>	<u>490.71</u>
Total Receipts	\$76,704.40	\$71,434.96	\$54,354.60
Estimated value of usable equipment transferred to the various City departments at no charge (instead of disposition)	\$ 2,900.00	\$ 1,936.00	\$ 3,968.00

CENTRAL REPRODUCTION DIVISION

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The report of M. Norbert Weber, Duplicating Services Supervisor, is as follows:

This division produces duplicating work for all of the departments, boards and commissions with a few exceptions because of the confidential nature of the work. Processes used are offset duplicating, mimeographing, spirit duplicating, and Photo-Direct plate making. Plates or original composition are kept on file for future use. Costs of this production are billed to the respective departments and payments of these charges offset the expenditures made from a rotary account.

This division also maintains a photographic equipment pool from which all departments obtain the proper photographic, visual aid, audio and other similar equipment, which they require for a specific application. The division also handles incoming and outgoing U.S. mail and messenger service to all departments. Three messenger trips are made each day through the City Hall and Municipal Building. It also maintains the receiving division and is responsible for all merchandise received at the loading dock and the forwarding thereof to the requisitioning department in the City Hall or Municipal Building. The City Hall stationery stores is manned by this personnel.

The year 1964 showed a general increase of work in all sections of the Central Reproduction Division of the Central Board of Purchases. The total

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billing for the work performed during the year amounted to \$88,365.27 compared to \$86,587.64 for 1963, an increase of \$1,777.63 or 2%. Following is the breakdown:

	<u>1964</u>	<u>1963</u>	<u>1962</u>
Offset reproduction	\$47,854.61	\$37,938.24	\$35,473.37
Mimeo and spirit duplicating	25,008.09	36,487.10	31,381.64
Copy service	11,527.08	8,229.76	6,321.91
Photography	<u>3,975.49</u>	<u>3,932.54</u>	<u>3,337.07</u>
Total	\$88,365.27	\$86,587.64	\$76,513.99

Copying Service

There was a noted increase of 37% in the use of copying equipment used by all of the City departments:

- In 1964.....161,383 copies
- In 1963.....117,568 copies
- In 1962..... 90,313 copies

On August 17, 1964, one additional copying machine was installed in Central Reproduction. This additional machine has virtually eliminated the need of employees waiting in line to make copies which heretofore presented a serious problem.

Mail Service

The postal charges to the respective departments for 1964 amounted to \$68,546.09, an increase of \$6,684.82 or 9-1/2% over 1963. This signifies an

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average monthly postage bill of \$5,712.17 for the City. One old mailing machine will be replaced in 1965.

A two station envelope inserting machine was installed on July 1, 1964. In this short period ending December 31, 1964, 182,726 envelopes were stuffed.

A request has been submitted regarding the relocation of the mail room from room B-17 to B-2. Following is an excerpt of this request to George C. Ashton, Superintendent of Bridges and Buildings:

"Because of several distinct advantages, it would be well to have the mail room B-17 relocated to the Central Duplicating Room B-2, immediately to the left of the entrance door and opposite the present office. This place apparently is reserved for paper stock for the Election Commission. However, a conference between Mr. William O'Malley and Mr. Jack Weber could assure sufficient room for this paper. I will be very happy to discuss this relocation with you.

As there are certain impelling reasons for this request, I will appreciate it if you will consider it as soon as possible and discuss it with me."
Signed Andrew L. Lehrbaummer - City Purchasing Agent

City Hall Stationery Stores

In 1961 provisions were made to dispense small storehouse items on an emergency basis. After two years of experience we have found that less than ten requests are received per month for this service. I would therefore recommend that this service be discontinued.

Recommendation

Again, I would like to repeat a suggestion made in the 1963 annual report that a study be made to standardize triplicate forms as to color sequence. If

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this were done, paper stock could be ordered from the mill pre-collated. This would save many man hours of gathering and would prove a substantial saving to departments using these forms.

"Rush" Jobs

As has always been the case in the Central Reproduction Division, a staggering number of printing jobs are received early in January calling for "rush", "at once", or a specific delivery date of less than two weeks. Although a notice was sent to all departments on October 13, 1964, and I quote:

"Printing produced by the Central Reproduction Division normally is ordered early in the year after the new requisitions are acceptable. This results in a tremendous flood of 'rush' requisitions which cannot be delivered in the time requested.

To forestall this, we are asking that any printing which you may need from the Central Reproduction Division during the first quarter of 1965 be requisitioned now."

The same situation exists this year as in past years and it is obvious that the parties responsible for ordering printed forms showed little or no cooperation in complying with this request. It is therefore again necessary to have Central Reproduction employees put in many hours of overtime.

Equipment Replacement Program

The modernization program, which was started in 1963, will continue until all old and obsolete equipment is replaced with new so that we may take advantage of the savings in new processes which are now being realized in the graphic art field.

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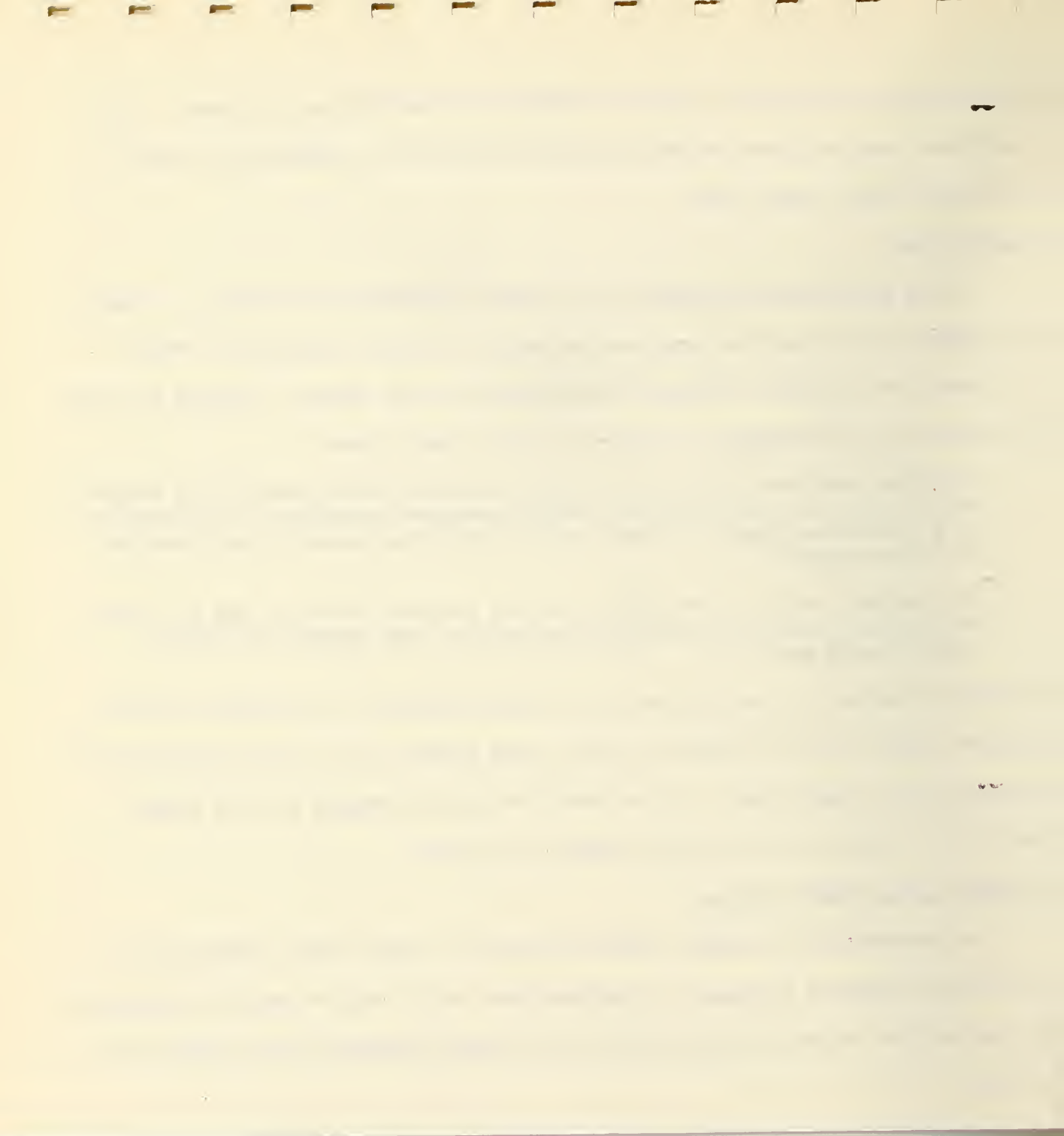
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In conclusion, it is interesting to note that the Central Reproduction Division has been entirely self-sustaining since its inception in 1949, having received no budget appropriation except for the purchase of new equipment. The U.S. mail and messenger service, handled since 1960, is operated under budget appropriations.

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The National Institute of Governmental Purchasing was organized in Milwaukee in 1944 and the articles of incorporation are on file with the Secretary of State of Wisconsin? It is conspicuous, therefore, that in this, its 20th year, the City Purchasing Agent of Milwaukee should be its President. This is the second Milwaukeean so honored. Jos. W. Nicholson, the former City Purchasing Agent, was President of the Institute in 1948.

* * * * *

During the last ten years, 111 officials of foreign governments with interests in public purchasing have studied with this department - some for a few days and others as long as a month? Almost all countries of the world have been represented. Seminars in public supply management were held for them. Their visits were arranged by the Agency for International Development (formerly International Cooperation Administration) of the Department of State. Expressions of the warmth and friendships kindled during their stay in Milwaukee are still being received, especially at the holidays. They appreciated both the valuable information in public buying which they received here and also the "gemuetlichkeit" which was extended to them during the non-business hours. It is hoped that in addition to adding to their professional development, some little stride has been made toward world brotherhood.

* * * * *

The death in California early in 1965 of Dr. Samuel Barrett, former director of the Milwaukee Public Museum and a member of the Central Board of Purchases for

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many years recalls his dedicated service on the Board? The white flowing hair on the medium height and robust frame imposingly augmented with a white mustache and goatee were a familiar sight at Board meetings. It was Dr. Barrett who designed and built the fool-proof drawing box still used for settling tie bids. This was conceived during the N.R.A. (National Relief Administration) days in the early 1930s when bids could not be submitted lower than the price regulations which set a floor, resulting in many tie bids. Then during the O.P.A. (Office of Price Administration) days, it was again used to settle tie bids. Ceilings were placed on the prices of commodities to halt any runaway inflation after World War II. With allocations and shortages of critical materials, all bid the ceiling prices. So Dr. Barrett's box has survived several economic eras.

In the first annual report of this Department issued in 1918, the purchase of ten Ford "RunABOUTs" at \$335 each was reported?

That since 1929 this Department has purchased the 4th of July Fireworks for the approximately 26 parks, at which programs of the respective 4th of July committees are held? These detailed bids giving the composition, performance, firing schedule and providing for full liability insurance have given the kiddies and adults their best dollar's worth in fireworks for 35 years. The programs celebrated their golden anniversary in 1963. In addition to the fireworks, the flags which the youngsters carry in the parade and the ice cream which is distributed after are also purchased on competitive bids at the most advantageous prices.

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Union Representation

Early in the year, non-supervisory employees of this department voted whether to invest bargaining rights in one of several labor organizations or to have no organized representation. The latter action was preferred by the majority.

President of N.I.G.P.

The City Purchasing Agent was elected President of the National Institute of Governmental Purchasing October 21, 1964, at their 19th annual Conference in Cincinnati, Ohio.

African Assistance

At the request of African nations, the National Institute of Governmental Purchasing has pledged public buying assistance through its member agencies. Correspondence dispensing professional information was interchanged with Port Louis, Mauritius (an island in the Indian Ocean off the east coast of Africa) and Sierra Leone and Mauretania (both nations of western Africa).

Cooperative Purchasing

Early in the year, a series of ten articles appearing in the Milwaukee Sentinel under the heading "Boondoggle or Democracy". These stressed the savings which could be accomplished through the consolidation of public functions including purchasing and stimulated press comments and statements by officials. This was followed with invitations to all interested parties to the Milwaukee Sentinel's "Forum for Progress" held at the War Memorial Center. The City Purchasing Agent attended.

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The Director of Purchases for Milwaukee County called several meetings during 1964 inviting all public buying agencies in the County to attend. Discussions on the basic needs of a workable cooperative purchasing program were discussed but in addition to several buying agencies pooling a boatload of rock salt with Milwaukee County, no actual program was implemented.

Through the Wisconsin Association of Public Purchasers, the State of Wisconsin's Bureau of Purchases extended an invitation for participation in its contracts to all public buying agencies in the State. Not much response has been provoked by this offer. The City of Milwaukee annually purchases approximately 25,000 gallons of traffic marking paint through the State, whose purchases amount to 125,000 gallons. A more extensive practical road test program than that formerly done by the City of Milwaukee and a formula for purchasing from these results, with consideration of the low bids, gives Milwaukee very efficient purchasing on this commodity through the State. Other commodities, which have been checked pricewise, have not been attractive to the City, apparently because the State's prices require the contractor to delivery anywhere in the State. Smaller agencies with lesser volume would do well, however, to avail themselves of this cooperative buying program.

Much is said on this type of public purchasing and the potential savings. Everyone discusses it and advocates it but certain obstacles and roadblocks still prevail.

Early Start on 1965 Purchases

Because of the deluge of requisitions each year after the adoption of the budget late in November, which continues through the first quarter of the

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subsequent year, it is humanly impossible to keep all departments happy in their equipment and supply requirements. To alleviate this situation, preliminary work on the following year's requirements was started in October. Time-consuming functions, such as drafting specifications and setting up the bids, were started in October, notwithstanding that the budget had not been adopted. Very seldom are changes made between the interim of the approval of the Budget Examining Committee and adoption by the Common Council.

Increased Limit on Services

Taking into consideration the economic trend, on October 12, 1964, the Common Council adopted a charter ordinance amendment raising the limit on informal services from \$500 to \$1,000. This earlier had been \$200 since the charter ordinance adoption in 1934. This increase is consistent with the trend in supplies, materials and equipment cost limitations for informal purchases which in 1917 was set at \$1,000 and was subsequently advanced to \$2,000 and then to \$5,000.

Requisitioning Seminar

Last held in 1956, a class on the requisitioning procedure was held on May 11, 1964, with morning and afternoon sessions. In addition to purchasing procedures, the functions of the City Comptroller and the Budget Bureau in the requisitioning process were explained. There were 106 enrollees from the various departments attending either the morning or afternoon class.

Deluxe Car Interiors

The City received a bonanza on contract No. 4055, which called for the delivery of 94 Valiant cars with standard interior. Due to an error at the

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automobile factory these came through with a lush custom interior which should have commanded a \$40 per car addition or a total of \$3,760 on the contract. These cars were placed in general service and to avoid criticism from taxpayers, much information had to be spread that the City did not normally requisition and pay for such deluxe interiors. We thanked the contractor wholeheartedly but could not say that we regretted the mistake.

Mail Inserting Machine

In June a three-stage inserting machine was installed in the Central Reproduction Division. This is capable of automatically inserting three separate mailings in one envelope. Savings of many man hours over the manual operations previously employed in such mailings as tax and installment bills are realized.

New Method of Business Machine Demonstration

Heretofore after the annual bids on typewriters, adding machines and calculators were submitted, the various bidders demonstrated their machines before the requisitioning and using personnel of the various departments. A separate session was held for the typewriters and another one for the adding and calculating machines. After this the machines were available for trial for several days and, if necessary, arrangements were made to use the machines on specialized applications of a department. While this method gave the competitive representatives of the various companies an opportunity to learn what the other firms are doing and also served to temper any exaggerated claims made by a representative, it was tiresome for all involved.

This has now been changed to an exhibitor type of a show. It is held for one afternoon and each bidder has a separate location and demonstrates all of the

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machines in his line. The City employees go to the various displays to see a demonstration of the machines in which they are interested and of those which are included in the bids. They then fill out a form justifying the passing over of lower bids.

This new method also serves the departments which intend to include such equipment in their subsequent budget preparation.

Rock Salt

On August 7, 1964, producers of rock salt were declared guilty of conspiracy to fix prices in a civil suit instituted by the U.S. Department of Justice in the Federal court in Minneapolis. The City Purchasing Agent testified at the time of the criminal suits in 1962 when the salt company defendants were acquitted. Apparently the same testimony was reviewed by a different Federal judge who found the salt companies guilty in the civil suit.

As a result, the City of Milwaukee has filed a claim for treble damages in their salt purchases with the Federal court in Milwaukee.

Electrical Cases

After several years of spending hundreds of hours submitting interrogatories, depositions and other information, it appears that at the end of 1964 agreements for settlements between the City of Milwaukee and the respective defendants have been resolved. Settlements were ordered by the Court, as continuation of the trials would have been time consuming and prohibitively costly to everyone involved.

Business Conditions

Economically, the entire year of 1964 was excellent. From the consumer

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angle, reductions in Federal income taxes and easy credit restrictions were dominant factors. The domestic economic achievements in 1964 were outstanding. Gross national product and industrial production reached unusual highs. Individual income was at top figures with accelerated spending because of lower taxes. So people saved more and spent more. Spending by the Federal government remained quite static while expenditures by state and local governments continued to rise.

Paradoxically with the dramatic economy, prices remained competitive and stable. This apparently was the result of ample supplies to meet the unprecedented demands.

Commodity Prices Trend

An annual comparison of price indexes for all commodities as of December 31 compiled by the McGill Commodity Service Inc. reads as follows:

(1926 = 100)

Pre-War

<u>1939</u>	<u>1959</u>	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>
63.7	170.8	174.6	175.5	176.9	175.2	173.7

Monthly Requisition Status Report

At the direction of the Central Board of Purchases, each month a report is prepared giving the status of all requisitions with a view to eliminating costly delays in delivery of materials, supplies and equipment. Special attention is given to those requisitions on hand sixty days or more. Compilation of this report has served several purposes, including use as a valuable management tool.

Petty Cash System

A proposed petty cash system for purchases under \$10 was approved for implementation early in 1965. This will be under the control of one of the

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buyers in the Purchasing Department and all requests are to be made to him. The last survey revealed that 26% of our purchases were for amounts less than \$10.

Warehouse Boiler Alarm

An alarm which will signal the shutdown of a boiler at the Municipal Warehouse was installed to prevent costly freezeups on weekends and holidays.

Police Auction

The 1964 auction of various and sundry goods accumulated by the Police Department netted \$3,685.65. A remarkable pace of disposal of 598 items in 190 minutes - or more than three per minute - was maintained. Of course, occasionally an insistent young bidder would get a bike at his first bid of ten cents. One of the 13 year old boys, attending the auction intent on purchasing a bicycle to replace one which was stolen from him, noticed his former bike among the 269 to be sold. He properly identified it to the police officers who withdrew it from the sale and turned it over to him. A very happy boy went home with the money, he had hoped to spend, intact.

Talks

The City Purchasing Agent addressed the Tripoli Shrine in Milwaukee and the Optimist Club of Milwaukee on the procedures of the Milwaukee Purchasing Department under the title "More Value for the Tax Dollar". Also he addressed the annual conference of the National Institute of Governmental Purchasing on "Good Relations With Public Suppliers".

The Deputy City Purchasing Agent taught a weekly credit course in Milwaukee Institute of Technology on purchasing.

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Philippine Student

From December 7 until the end of the year, Mrs. Cresencia B. Yazon of the Bureau of Supply Coordination, Quezon City, Philippines, studied with us. She was also one of the people included in the Agency for International Development of the Department of State.

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City Purchasing Agent

National Institute of Governmental Purchasing

President

Member - Professional Development Committee

Member - Identical and Rigged Bids Committee

Member - Standardization Committee

Milwaukee Association of Purchasing Agents *

Chairman - Honorary and Life Membership Committee

Member - Public Relations Committee

Chairman - Publicity for Products of Industry 1965 Exhibit

Wisconsin Association of Public Purchasers

Past President

Deputy City Purchasing Agent

Milwaukee Association of Purchasing Agents *

Chairman - Exhibits for Products of Industry 1965 Exhibit

Wisconsin Association of Public Purchasers

(*Includes membership in National Association of Purchasing Agents)

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Arthur Rynders

At the meeting of the Central Board of Purchases on January 22, 1964, expression was made to Arthur Rynders, retired from the post of Superintendent of Milwaukee Water Works and a member of the Central Board of Purchases for eight years. He was lauded for his regular and punctual attendance and his sincere and conscientious deliberations in purchasing matters. He was a member of the Standards and Specifications Committee and the Board recognized the many hours he spent reviewing new or controversial specifications with the prospective bidders and the using agencies.

Personnel Changes

<u>Name - Title - Division</u>	<u>Action</u>	<u>Effective Date</u>
Alex Kutz Stores Clerk III Buying Division	Transferred to School Board.....	May 4, 1964
Mrs. Yolanda Corrao Clerk Typist II Central Reproduction Division	Leave of Absence.....	June 15, 1964
Barbara Lemke Clerk II Central Reproduction Division	Transferred from City Comptroller.....	June 15, 1964
Mrs. Dolores Graves Clerk Stenographer III Buying Division	Leave of Absence.....	June 19, 1964
Mrs. Mary Ciardo Clerk Typist I Administrative Division	Appointed.....	June 29, 1964
Mrs. Virginia Murphy Clerk Typist III Administrative Division	Leave of Absence.....	August 6, 1964

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To Predecessors -

Who have established a respected Board and Department of Purchases by the sound fundamentals which they have inculcated into the City of Milwaukee's administrative functions. Because of their efforts, this Municipality is recognized as one having an exemplary purchasing organization.

To Board Members -

Who, serving in an ex-officio capacity, have given time and thought in deliberations on matters before the Board and the several committees.

To the Common Council -

For the support of a sound public purchasing program. Two members are valued and dedicated ex-officio members of the Board - the President of the Common Council and the Chairman of the Finance-Printing Committee. Council President Martin E. Schreiber served as Vice-Chairman of the Board and in view of the Mayor's busy schedule, presided at most of the meetings.

To City Personnel -

For assistance from officials, department heads and employees when they were called upon by this department in many ways.

To George A. Bowman, Jr. -

Who, as an Assistant City Attorney, most capably handled the legal aspects of our work and his valued counsel and opinions were highly respected.

To Albert H. Hall -

Who, as Executive Vice President of the National Institute of Governmental Purchasing, together with his staff have been called on innumerable times to furnish professional information and assistance.

To Fellow Public Purchasing Agents -

Who, with their unselfish interchange of professional information, have exhibited an esteemed cooperation not practiced in private purchasing.

To the Staff -

Who were most important as a loyal and dedicated group to achieve the aims and objectives of a good public buying program and who have reached these objectives with a splendid esprit 'de corps'.

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TAXES

by Edgar A. Guest

When they come due I don't like them at all;
Taxes look large be they ever so small.
Taxes are debts which I venture to say
No man or no woman is happy to pay.
I grumble about them, as most of us do,
For it seems that with taxes I never am through.

But when I reflect on the city I love,
With its sewers below and its pavements above,
And its schools and its parks where the children may play.
I can see what I get for the money I pay,
And I say it myself: "Little joy would be known
If we kept all our money and spent it alone."

I couldn't build streets and I couldn't fight fire.
Policemen to guard us I could not hire.
A water department I couldn't maintain.
Instead of a city we'd still have a plain.
Then I look at the bill for the taxes they charge,
And I say to myself: "Well, it isn't so large."

I walk through a hospital thronged with the ill
And I find that it shrivels the size of my bill.
As in beauty and splendor my home city grows,
It is easy to see where my tax money goes,
And I say to myself: "If we lived hit and miss
And gave up our taxes, we couldn't do this."



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CITY OF MILWAUKEE, WISCONSIN

ANNUAL REPORT

CENTRAL BOARD OF PURCHASES

CHAIRMAN CENTRAL BOARD OF PURCHASES
HENRY W. MAIER, MAYOR

SECRETARY CENTRAL BOARD OF PURCHASES
AND CITY PURCHASING AGENT
ANDREW L. LEHRBAUMMER

DEPUTY CITY PURCHASING AGENT
LEON P. KLAUS

ADMINISTRATION • BUYING
INVENTORY CONTROL

MUNICIPAL WAREHOUSE
PETROLEUM PRODUCTS STORES

REPRODUCTION OF FORMS
PHOTOGRAPHIC EQUIPMENT POOL

M A I L S E R V I C E
M E S S E N G E R S E R V I C E

S A L V A G E D I S P O S A L
R E C E I V I N G S E R V I C E

1966

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ANNUAL REPORT

CENTRAL BOARD OF PURCHASES

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CITY OF MILWAUKEE

BUYING

MUNICIPAL WAREHOUSE

PETROLEUM PRODUCTS STORES

INVENTORY CONTROL

RECEIVING SERVICE

REPRODUCTION OF FORMS

PHOTOGRAPHIC EQUIPMENT POOL

MAIL SERVICE

MESSENGER SERVICE

SALVAGE DISPOSAL

HENRY W. MAIER, Mayor

Chairman Central Board of Purchoses

ANDREW L. LEHRBAUMMER

Secretary Central Board of Purchoses and City Purchasing Agent

LEON P. KLAUS

Deputy City Purchasing Agent

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FOREWORD

This is the forty-ninth Annual Report issued by the Central Board of Purchases. Consecutive reports have been issued starting in 1918. This departmental report, necessarily restricted in cost, furnishes more details and statistics than are published in the official City of Milwaukee 1966 Annual Report.

The Common Council of the City of Milwaukee publishes an annual directory and report of City progress which is compiled and edited by the Municipal Reference Librarian. A short description of the operations of each of the approximately fifty departments, boards and commissions, including the Central Board of Purchases, appears in a section highlighting its activities.

Reports are exchanged with those compiled by other public buying agencies and the comparison of operations affords a wealth of information and suggestions. Many mutual benefits are received through such interchange to gain "More Value For the Tax Dollar".

Private industry looks to its purchasing operations to improve the profit picture in these competitive days of larger gross sales and smaller earnings. Likewise its counterpart in government seeks to get better mileage from the tax dollar as public officials become more cognizant that centralized purchasing is a tax-cutting function.

Many requests for information on our operations are received and this report serves as a valuable reference and response for such inquiries.

The statistical information included is not available until after February 1. Issuance of this report is necessarily delayed until after that date, which runs into our busiest period. However, we strive to issue this report as soon as practicable.

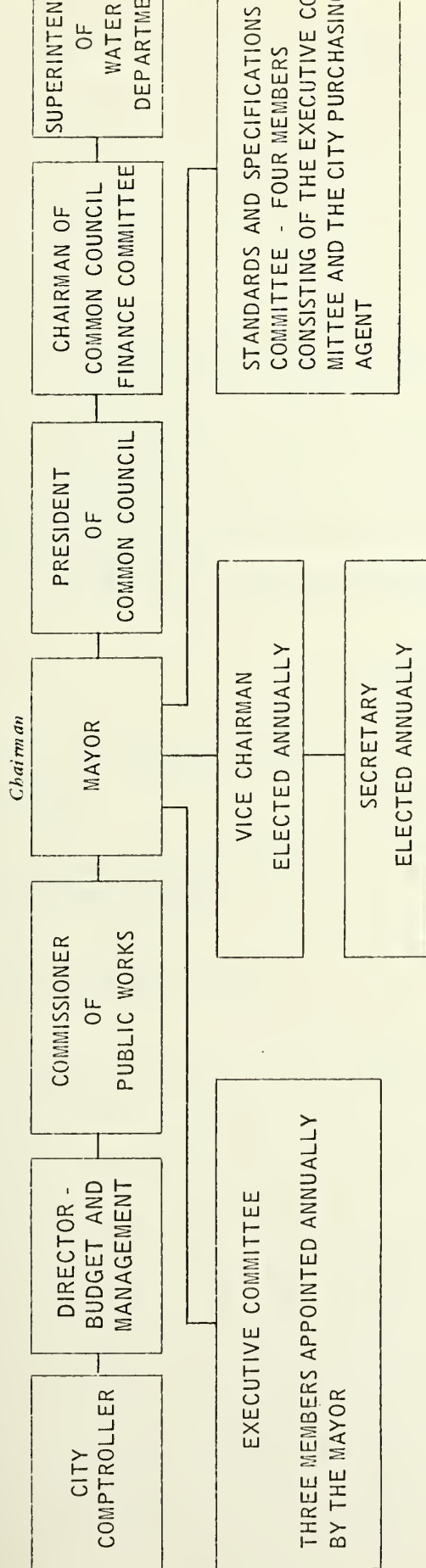
Your interest in our operations and accomplishments is appreciated.

Respectfully submitted,

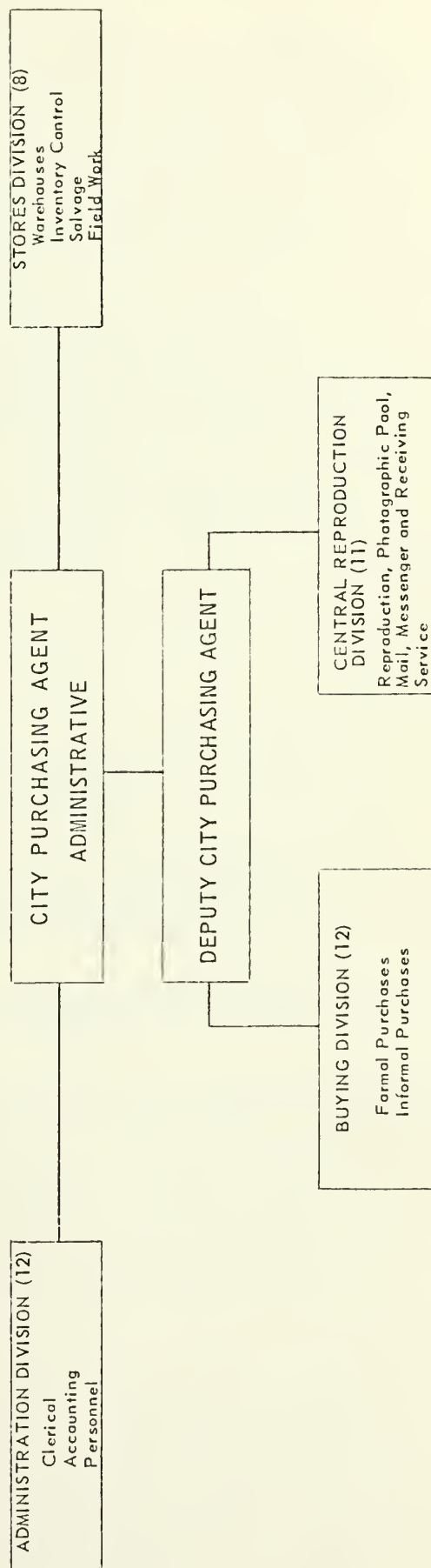
Andrew L. Lehrbaummer
*Secretary, Central Board of Purchases
and City Purchasing Agent*

ORGANIZATION CHART

CENTRAL BOARD OF PURCHASES



DEPARTMENT OF PURCHASES



BOARD ORGANIZATION

The Central Board of Purchases was created under Chapter 297, Laws of 1917 of the State of Wisconsin, on May 21, 1917. This was the forty-ninth year that Milwaukee has had a central purchasing authority, establishing itself as a pioneer in this growing concept of public purchasing. Since its inception, it is conservatively estimated that at the generally accepted fifteen per cent saving, over \$50,000,000 has been realized in purchases of materials, supplies, equipment and services for the City of Milwaukee.

An accelerating trend toward centralized buying among public bodies has been noted. With mounting financial woes, such a program helps to stretch the tax dollar. Especially since the formation of the National Institute of Governmental Purchasing in 1944 have rapid strides been made in the sensitive administrative area of public purchasing. It is gratifying that many public buying agencies throughout the United States and Canada are patterned after that of the City of Milwaukee.

The ex-officio Board members during 1966 were as follows:

Mayor
(Henry W. Maier)
Chairman

President of the Common Council
(Ald. Martin E. Schreiber)
Vice-Chairman

City Comptroller
(John E. Kalupa)

Chairman of the Common Council
Finance-Printing Committee
(Ald. Fred F. Schallert)

Director Budget and Management
(Edwin C. Whitney)

Commissioner of Public Works
(Herbert A. Goetsch)

Superintendent of the Water Works
(Elmer W. Becker)

This Board, composed of four elected officials and three department heads, is authorized to purchase or to provide for the purchase of all materials, supplies and equipment for the use of all departments, boards and commissions of the City government. Purchases in excess of \$5,000 require official advertising for six days and award of the contract by the Board at stated public meetings. All interested bidders are invited to attend and are privileged to be heard. Purchases less than \$5,000 are handled by the staff. Most contracts include a surety as a third party to assure performance.

Authority of the Board, as delegated by State law, empowers it to call upon any officer, board or commission to assist in the purchasing function. Through centralized purchasing, the recognized saving of fifteen per cent on total purchases of \$13,328,122 or \$1,999,218 was realized during 1966. There are also many intangible gains, such as vendor good will, which are assets to the City.

EXECUTIVE COMMITTEE

The Chairman annually appoints a three-man Executive Committee to function as directed by the Board and to act in emergency situations. During 1966, this Committee consisted of:

Herbert A. Goetsch - Commissioner of Public Works (Chairman)

John E. Kalupa - City Comptroller

Edwin C. Whitney - Director Budget and Management

Elmer W. Becker - Superintendent of the Water Department (alternate)

STANDARDS AND SPECIFICATIONS COMMITTEE

The Executive Committee also serves as the Standards and Specifications Committee, augmented by the City Purchasing Agent. It strives for simplification and standardization of materials, supplies and equipment. The objective is to reduce the types and kinds of commodities allowing the competitive purchases of larger quantities, which among other advantages, commands lower prices.

The major part of the time of this Committee, however, is spent in reviewing tentative or controversial equipment specifications with prospective bidders. This review takes place before bids are requested so that an acceptable specification is employed and charges of "slanted" specifications are eliminated.

DEPARTMENT OF PURCHASES

The City Purchasing Agent is designated by the Central Board of Purchases as the administrator of the Department of Purchases. He is responsible for the purchase of all materials, supplies, equipment and minor services (less than \$1,000) for all departments, boards and commissions under the control of the Common Council, with a few statutory exceptions.

The Department includes the following four divisions with a total of 43 employees. The number of employees in each division is indicated in parenthesis.

1. Buying (12)
2. Administration (12)
3. Stores (8)
4. Central Reproduction (11)

COMPARATIVE DOLLAR OPERATION

<u>Year</u>	<u>Total Purchases</u>	<u>On A Budget Of -</u>	<u>Cash Discounts Earned</u>
1957	\$ 10,233,703	\$ 132,276	\$ 61,403
1958	9,872,267	131,477	62,113
1959	10,506,388	127,755	65,385
1960	13,302,369	177,975	66,842
1961	12,277,664	161,988	72,716
1962	11,495,798	174,773	73,457
1963	12,404,750	247,293	75,614
1964	12,049,834	203,704	68,297
1965	12,210,578	213,715	76,917
1966	13,328,122	231,680	78,174

Some of the conspicuous increases in the annual budgets shown on the preceding page were due to the addition of functions and the required personnel. In 1960, the mail and messenger services were transferred to this department from the Department of Public Works, accounting for the approximately \$50,000 increase.

BUYING DIVISION

Leon P. Klaus, the Deputy City Purchasing Agent is in charge of this division. The position was vacant from November 19, 1965 when Howard A. McMillan resigned to become Director of Purchases for Milwaukee County. Mr. Klaus was appointed from the three highest qualifiers in a nation-wide Civil Service examination on April 25, 1966.

This unit includes six buyers, each of whom have an assignment of a complement of commodities. These assignments are not changed except where circumstances dictate. Accumulating buyer experience in each of the commodities reflects continuous greater savings to the City. All purchases less than \$5,000 are handled by this division, through which is processed approximately ninety-five per cent of the numerical volume or fifty per cent of the dollar volume of transactions. Written sealed bids are solicited whenever practicable and opened publicly.

Interviewing salesmen; telephoning; correspondence; preparing bids; making awards; arranging for tests, inspections and rejections, all make the day of a buyer a very busy one. Buyers are required to be college graduates.

The comparative report of transactions depicts the continuing effort to reduce paperwork and affect multiple savings.

<u>Year</u>	<u>Number of Requisitions Received</u>	<u>Number of Purchase Orders Issued</u>	<u>Average Number of Purchase Orders per Requisition</u>
1960	14,576	19,935	1.37
1961	13,597	16,269	1.20
1962	14,447	14,484	1.00
1963	16,350	15,363	.94
1964	15,694	13,370	.86
1965	15,590	13,700	.88
1966	13,851	14,465	1.04

After a satisfying reduction in the number of purchase orders issued over the last six years, departments were encouraged to include more line items of commodities on a requisition, accounting for the ratio increase shown in the right hand column during 1966.



BIDDERS — AND SUPPLIERS THEY HOPE!

Inspection and Testing

Unless we are assured that the goods delivered comply with the specification and are what we are paying for, we have not made a good purchase. Therefore, inspection and testing is considered a vital part of the buying program. Most of the tests are performed by the City Testing Laboratory. These costs are charged to us.

While each delivery is not checked, the possibility of an inspection keeps all vendors on their toes and exerts a conspicuous psychological effect. In the event of rejection, vendors are given one opportunity only for satisfactory replacement.

ADMINISTRATION DIVISION

This Division performs all the clerical, personnel and accounting functions in the Department. Budget preparation, Payroll, Bid preparation and Tabulation and Accounts Payable are some of the main categories.

Business Transacted - 1966

	<u>Expenditures</u>	<u>Cash Discount Earned</u>
Purchase Orders	\$5,025,896.65	\$36,124.95
Contracts	3,580,505.76	8,751.63
Miscellaneous Payment Certification Vouchers	<u>4,721,719.80</u>	<u>33,298.36</u>
	\$13,328,122.21	\$78,174.94

Performance Budgeting

In 1963 the Purchasing Department was one of three pilot departments to prepare their budget under this new format. This program charges all personnel, material and related costs to a function. Subsequently, all other City departments have been added. With four years of actual experience, the cost of the various purposes or indicators of operation are quite well stabilized. The comparison this information affords becomes a useful management tool and a measure of efficiency and performance.

Some of the prominent indicators of our operation costs are:

Purchase Order Preparation	\$9,991
No. of Requisitions Processed	14,465
Cost per Requisition	.69
Advertising Formal Bids	\$702
No. of Commodities Advertised	124
Cost per Commodity	5.66
Soliciting Formal Bids	\$3,757
No. of Vendors Solicited	2,253
Cost per Vendor	1.67
Analysis and Award of Formal Bids	\$5,072
No. of Contracts Awarded	114
Cost per Contract	44.49
Soliciting Informal Bids	\$22,989
No. of Requisitions Processed	13,851
Cost per Requisition	1.66
Analysis and Award of Informal Bids	\$25,247
No. of Awards Made	14,465
Cost per Award	1.75
Payments to Vendors	\$15,416
No. of Bills Processed	31,373
Cost per Bill	.49
Salvage Disposition	\$14,351
No. of Removal Orders Issued	356
Cost per Order	40.31

Material Testing	\$3,040
No. of Tests Performed	62
Cost per Test	49.03
Specification Preparation	\$10,625
No. of Pages Prepared	1,485
Cost per Page	7.15
Interdepartmental Mail	\$6,393
No. of Mail Pickups	34,431
Cost per Pickup	.19
Outgoing Mail	\$7,082
No. of Pieces Mailed	1,283,400
Cost per 100 Pieces Mailed	.55
Delivery Service - Stores	\$3,418
No. of Orders Received	4,186
Cost per Order	.82

TABULATING BIDS

While it is considered quite routine, the time consuming tabulation of bids is one of the most important functions in the competitive bidding system. Accuracy is an absolute necessity, as many contracts are awarded by small variations in the bids. The tabulations must be positively correct and every precaution is taken against possible errors.

At the time of the bid opening, hand written entries are made on a pre-prepared tabulation sheet. This serves as an original entry and is retained with the bid file in the event a question arises as to whether a bid was received by the opening, the prices which were read, etc. Any reference to these original tabulations after the bid opening is accompanied with an explanation that the correctness is not vouched for until the formal tabulation is prepared.

In many bids, long lists of items are included on which a unit bid is requested. These items must be extended by multiplying the quantity by the unit price, totaling all of the items and then deducting trade-ins and cash discount. The tabulator must observe the conditions of the bid and scrutinize whether the bid conforms. Occasionally, over and above the requirements of the City, a special acceptable consideration is offered, such as a 5% additional discount if awarded all of the items on the bid. At the reading, the bids are only superficially scrutinized for compliance, as time does not permit any more. The tabulator must make a thorough review of the bid.

Depending upon the type of bid, the tabulation is prepared accordingly. In some, individual awards are specified while in others aggregate awards. Finally, the tabulator rechecks the bid tabulation with another employee after which it is approved for posting and distribution.

STORES DIVISION

This division carries on all of the field work of the Department. This includes:

1. Operation of the Municipal Warehouse (Carries items of common use for all departments).
2. Operation of the Bulk Petroleum Plant (Distributes gasoline, motor oil, kerosene and lubricants to the various departments).
3. Inventory Control (Stock supervision is extended to include stores locations of other Departments for which a master inventory control is maintained).
4. Salvage Disposal (Obsolete equipment or materials from all departments are turned over to the Purchasing Department and are either transferred to other departments, traded-in or sold. These operations include scrap and junk disposal by bids, annual police auction of unclaimed articles, sale of outdated fire hose, sealed bid sales of wrecked, abandoned and tow-away cars, inventorying and disposing of furnishings in real estate acquired by the City and other related functions).
5. Partial testing, inspection and special services programs.

Warehouse disbursements continue steady. As buyers recommend new items, they are added to stock whenever feasible. Those whose activity does not warrant further stocking, are discontinued. Using departments benefit by the ready availability of standardized, tested materials.

Petroleum products disbursements remain steady, despite the installation of large gasoline tanks at newly built facilities, which receive direct transport deliveries. The City is a licensed wholesaler paying the State of Wisconsin approximately \$125,000 in taxes annually. The City is exempt from the Federal taxes on petroleum products.



MUNICIPAL WAREHOUSE - 1028 N. Hawley Road

Arthur H. Hunkel, Stores Supervisor, is in charge of this division. His report is as follows:-

	<u>1966</u>	<u>1965</u>	<u>1964</u>
WAREHOUSE:			
Inventory - year end	\$139,574.23	\$134,908.66	\$110,817.87
Billing - stock issued	\$146,781.57	\$153,472.05	\$144,399.39
RECEIPTS:			
Shipments, number of	346	404	337
Items, number of	861	1,006	766
DELIVERIES:			
Stops, number of	1,090	1,147	849
Requisitions filled, number of	3,782	3,768	3,586
Items, number of	9,088	9,345	8,772
PETROLEUM STORES:			
Inventory - year end	\$10,997.66	\$30,132.72	\$18,602.76
State Gasoline Tax	<u>\$ 4,858.00</u>	<u>\$11,871.00</u>	<u>\$ 7,575.00</u>
Total Inventory	\$15,855.66	\$42,003.72	\$25,177.76
BILLING - MATERIAL ISSUED:			
Product	\$114,909.58	\$112,025.26	\$116,788.14
State Gasoline Tax	<u>\$ 42,143.77</u>	<u>\$ 39,324.30</u>	<u>\$ 40,731.18</u>
Total Billing	\$157,053.35	\$151,349.56	\$157,519.32
RECEIPTS:			
Shipments, number of	80	108	70
Items, number of	80	108	93
DELIVERIES:			
Stops, number of	1,209	1,338	1,330
Delivery Tickets, number of	1,311	1,400	1,390
Items, number of	2,174	2,393	2,396
EMERGENCY STATIONERY STORES:			
Inventory - year end	\$376.47	\$440.41	\$413.95
Billing	\$128.59	\$143.33	\$110.87
TOTALS FOR STORES DIVISION:			
Inventories	\$155,806.36	\$177,352.79	\$137,409.58
Billing	\$303,963.81	\$304,964.94	\$302,029.58
Receipts:			
Shipments	426	512	407
Items	941	1,114	859
Deliveries:			
Stops	2,299	2,485	2,179
Delivery Tickets	5,093	5,168	4,976
Items	11,262	11,738	11,168

Sales to Other Public Agencies in Milwaukee County

By a Common Council Resolution recommended by the Central Board of Purchases and passed in April 1966, the Municipal Warehouse is authorized to issue materials from its stock to the approximately 35 other governmental agencies in Milwaukee County. Invitations to participate were sent to all, but only two agencies took advantage of this opportunity during the last few months of the year.

Purchasing officials have shown considerable interest in this cooperative gesture of the City of Milwaukee and a number of them have visited the Warehouse and inspected the stock. It is expected and hoped that many of them will make use of this service.

Comparative Salvage Disposal Report of Frank R. Lacey, Supervisor

	<u>1966</u>	<u>1965</u>	<u>1964</u>
Receipts from sale of scrap and junk	\$26,077.50	\$30,514.03	\$38,646.84
Receipts from sale of used police vehicles	20,881.46	28,128.45	21,650.44
Receipts from sale of abandoned cars (picked up by City)	13,325.06 (425)	8,900.43 (335)	7,756.19
Receipts from sale of unclaimed and wrecked cars (declared by towing contractor)	5,126.91 (258)	3,267.20 (165)	2,643.10
Receipts from police auction	3,770.85	4,330.45	3,685.65
Receipts from sale of old equipment - Miscellaneous	<u>14,248.76</u>	<u>836.67</u>	<u>2,322.18</u>
Total Receipts	\$83,430.54	\$75,977.23	\$76,704.40
Estimated value of usable equipment transferred to the various City departments at no charge (instead of disposition)	\$ 1,571.00	\$ 567.00	\$ 2,900.00

Comments

The continuing increase in the sale of wrecked and abandoned cars is conspicuous. Also the required storage space, while the title search is conducted during the thirty day retention period, is a constant problem. Disposal of these unclaimed automobiles is a very costly operation for the City, especially on abandoned cars, which are towed by the Department of Public Works, investigated by the Police and sold via sealed bids by the Purchasing Department. The receipts very often do not cover the towing and storage charges. The market on this scrap has been low as the supply of new cars is increasing each year while the demand for scrap has lessened since the steel mills have switched to other processes of production.

New processes have recently been introduced for the complete disintegration of automobiles. This should aid in the national beautification program and should also alleviate the burden placed on the City in disposing of these "junkers".

CENTRAL REPRODUCTION DIVISION

The report of M. Norbert Weber, Duplicating Services Supervisor, is as follows:-

This Division produces duplicating work for all of the departments, boards and commissions with a few exceptions because of the confidential nature of the work. Processes used are offset duplicating, electrostatic duplication, spirit duplicating, and Photo-direct plate making. Plates or original composition are kept on file for future use. Costs of this production are billed to the respective departments and payments of these charges offset the expenditures made from a rotary account.

It also maintains a photographic equipment pool from which all departments obtain the proper photographic, visual aid, audio and other similar equipment, which they require for a specific application. Incoming and outgoing U. S. mail and messenger service to all departments is also performed. Three messenger trips are made to all departments each day in the City Hall and Municipal Building. It also maintains the Receiving Division and is responsible for all merchandise received at the loading dock and the forwarding thereof to the requisitioning department in the City Hall or Municipal Building. The City Hall Emergency Stationery Store is manned by this personnel.

A report of comparative billings to the various departments over the last four years follows. The constantly increasing work-load, the increase in copy service and the increase in postage are conspicuous.

	<u>1966</u>	<u>1965</u>	<u>1964</u>	<u>1963</u>
Offset Reproduction	\$49,813.12	\$47,387.45	\$47,854.61	\$37,938.24
Electrostatic, Mimeographing and Spirit Duplication	37,541.18	27,903.44	25,008.09	36,487.10
Copy Service	19,709.40	13,930.92	11,527.08	8,229.76
Photographic	6,296.62	4,947.09	3,975.49	3,932.54
Postage (Mail Room)	<u>75,707.59</u>	<u>71,331.69</u>	<u>68,546.09</u>	<u>61,861.27</u>
Total	\$189,067.91	\$165,500.59	\$156,911.36	\$148,448.91

The year 1966 showed a general increase of work in the Division. The total billing for the work performed during the year amounted to \$113,360 compared to \$94,169 for 1965, an increase of 20¼%.

1966 Jobs completed in 1967 amounted to \$3,188.55.

1967 Jobs completed in 1966 amounted to \$ 87.22.

Copying Service

There was a noted increase of 38% over 1965 and 73½% over 1964 in the use of copying equipment by all City departments. One additional Xerox 914 copy machine was installed in the Central Board of Purchases General Office on February 23, 1966. This equipment serves some departments located nearby in the City Hall.

In 1966. 280,190 copies were made.

In 1965. 203,008 copies were made.

In 1964. 161,383 copies were made.

Mail Service

The postal charges to the respective departments for 1966 amounted to \$75,707.59, an increase of \$4,375.90 or 6% over 1965. This signifies an average monthly postage bill of \$6,308.96 for the City. Effective January 1, 1967 individual departments have had to include the ZIP Code, presort bulk mailings and take other steps to help the Post Office handle the mail. These changes have added an additional burden on the mail room and City Departments. A general increase in rates is expected to go into effect on July 1, 1967 on most classes of mail.

In 1966 the envelope inserting machine stuffed 239,403 envelopes compared to 320,962 in 1965. The decrease is largely due to fewer installment tax bills in 1966.

City Hall Stationery Store

In 1961 provisions were made to dispense small storehouse items on an emergency basis. Sixty-two orders were processed in 1966 or an average of five per month compared to seventy-eight or an average of six per month in 1965. The small use of this facility speaks well for the foresight employed in requisitioning stationery items in the regular procedure.

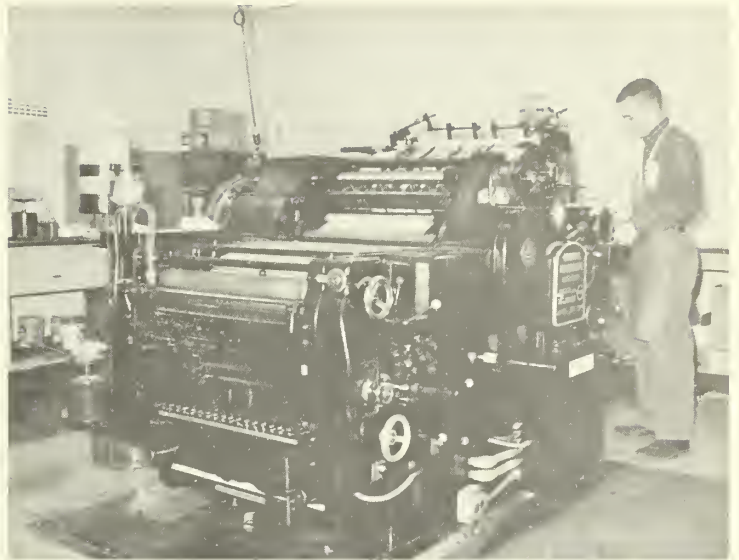
Equipment Replacement Program

The modernization program, which was started in 1963, will continue until all old and obsolete equipment is replaced with new so that we may take advantage of the savings in new processes, which are fast developing in the graphic arts field. This program is progressing smoothly and should be completed in 1968.

The most significant change was the installation of one Electrostatic Duplicator on May 16, 1966 and the additional installation of a second unit on August 3, 1966. These two units have resulted in a 90% reduction in mimeographing and spirit duplication. Between May 16, 1966 and December 31, 1966, 21,864 masters were processed with a total of 1,306,715 impressions.



One Heidelberg Offset Press was installed in 1966, capable of running a sheet size 15¾" x 22½" with a printing image area of 15" x 22".



In conclusion, it is interesting to note that the Central Reproduction Division has been entirely self-sustaining since its inception in 1949, having received no budget appropriations except for the purchase of new equipment. The U. S. mail and messenger service, handled since 1960, is operated under budget appropriations.

I would like to take this opportunity to express my gratitude and thanks to the employees of this division without whose loyal support and cooperation this favorable report would not be possible.

.the City of Milwaukee tested electric lamps for awards on competitive bids up until approximately ten years ago? Lamps of the unsuccessful bidders were purchased and tested during the interim of the annual contract and the various ratings were considered in making awards for the next year. The program was dropped as the infinitesimal variance between the different makes of lamps did not warrant continuance of the lengthy and costly test.

.a program to replace all general service automobiles each six years has recently been adopted? These are cars used by inspectors, nurses, etc. Each two years, 1/3 of the fleet will be replaced.

.police squad cars are in service twenty-four hours a day and average 5,000 miles a month? These vehicles are replaced as soon after 60,000 miles as possible as maintenance costs then become an important factor.

.in 1918, the first year of operation of the Purchasing Department, Ford "touring" cars were purchased for \$360 and Ford "runabouts" for \$335?

.the specification for gray iron sewer castings - manhole frames and lids; catch basin frames, boxes, grates and elbows, etc. ---require that a representative of the City Testing Laboratory be present at the foundry location when the castings are poured? Test bars are taken from each batch and tested for structural strength in the City of Milwaukee Testing Laboratory.

.in ordering paint, the specification for quantity purchases requires that an inspector of the City of Milwaukee witness the weighing and batching of the ingredients?

.the ingenious device used to settle tie bids was the design and product of the late Dr. Samuel A. Barrett, former Director of the Milwaukee Public Museum? This was first used during the early 1930 depression days when it was dubbed the "NRA Hat". Provisions of the National Relief Act included a floor price, the lowest at which a commodity could be sold. Understandably, in public bidding, many bid the floor price and tie bids resulted, which were settled by this machine. It was also used during the war boom days of World War II and the Korean War, when the Office of Price Administration established ceiling prices on many commodities. Again bidders submitted the highest price allowable for the commodity and many tie bids resulted, which the machine again settled. So the device has had a long life of extremes.

Business Conditions

The summary of the Business Survey Committee of the National Association of Purchasing Agents at the end of 1966 stated "the prolonged business upsurge (an old man as expansions go) continues to lose momentum. The crisp, sharp steps of advance in rate observed a few months ago are gone. Each step now appears more laborious - more hesitant. Has business turned down; has it merely paused to catch its breath for a new burst upward; or will it mosey along on this high plateau for a while?"

As a consequence of a true reflection to this more companies were searching for new business and public buying agencies are always a stable resort. More sales calls, more requests to be placed on bid lists and more bids were the order at the end of the year.

Lengthy lead time on many commodities were still in effect notwithstanding the sagging demand. Much of this apparently was the result of materiel needed for the VietNam war.

Commodity Prices Trend

An annual comparison of price indexes for all commodities as of December 31 compiled by the McGill Commodity Service Inc. reads as follows:

(1926 = 100)

<u>1939</u>	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>
63.7	174.6	175.5	176.9	175.2	173.7	189.8	180.9

Despite the most prosperous year in United States business history when commodity prices posted a record 195.9 in February, a decline to the 180.9 at the end of the year was healthy.

Voting Machines

The largest and most time consuming purchase was for 800 voting machines. Fully competitive specifications were crystallized after many meetings with all interested parties and prospective bidders. Two alternates were requested - one for the outright purchase of the machines and the other on the basis of leasing for ten years with the rental paid applying to an optional purchase within that time. It is doubtful whether any other public buying agency expended equal deliberation on its purchase of voting machines.

A contract was awarded on the basis of leasing after the two methods of financing were considered by the Common Council. Eight hundred machines were acquired, which had an outright purchase price of \$1630 each. There is a provision that 225 additional machines may be acquired in 1967.

In a related contract, for which again much time was spent on the preparation of adequate specifications, bids were requested for the transportation of these machines to approximately 375 precincts where elections are held and their storage between elections.

These machines were ordered on June 1, 1966, to be employed in the primary fall election in September. The State Legislature directed that all cities over 10,000 population employ voting machines beginning in

September. This directive caused quite a furor because of the necessary expenditure and several of the affected cities in Wisconsin refused to abide by this directive.

Rock Salt

Notwithstanding a pending suit by the City of Milwaukee against Morton Salt Company, International Salt Company and Diamond Crystal Salt Company for treble damages for overcharges on salt, as they were found guilty of conspiring to fix prices from 1951 to 1961 and in spite of a restraining order issued in a Federal court against further conspiracy, the three bids received for 1966 requirements in boatloads on August 16 were identical at \$7.04 a ton. No award was made on the bids because of the lack of competition and on the rebid the same prices were bid and an award was made by drawing to the Diamond Crystal Salt Company.

Future Mechanics Learn on Abandoned Cars

Arrangements were made with the Milwaukee Board of School Directors to have them select and purchase ten abandoned cars for \$1 each on July 5. These will be used at Boys Technical High School for training of future auto mechanics.

Certified Public Purchasing Officer

The City Purchasing Agent was issued certificate No. 8 after qualification by examination as a Certified Public Purchasing Officer in the newly instituted certification program of the National Institute of Governmental Purchasing. This also was the first one issued in Wisconsin and Mayor Henry W. Maier personally made the presentation on March 11.



MAYOR HENRY W. MAIER PRESENTS
CERTIFIED PUBLIC PURCHASING OFFICER CERTIFICATE

Recognizing the distinction, the Common Council passed a resolution congratulating the Purchasing Agent upon this achievement. On June 28, 1966, at a regular Council meeting, Alderman Clarence M. Miller, one of the sponsors of the resolution made the presentation.



ALDERMAN CLARENCE M. MILLER PRESENTS
COMMON COUNCIL CONGRATULATORY RESOLUTION

Visitors from Foreign Lands

On October 11, W. S. Gosling, Assistant Director of Supplies for the Greater London Council visited the department.

Under the auspices of the Agency for International Development of the Department of State, Mrs. Avalena Carrin of the Philippines studied with us February 28 and March 1.



VISITING FOREIGN PUBLIC PURCHASING OFFICIALS
ATTEND SEMINAR AND ATTEST TO MILWAUKEE GEMUETLICHKEIT

Extension of Preferences

A continuing cycle of requests for bid preference for local merchants, goods manufactured in the State or other categories is received. The existence of such preferences in other public buying agencies is greatly exaggerated and the trend is to erase them wherever they do exist. In a recent symposium conducted by the National Institute of Governmental Purchasing among twenty-two major cities, no extension of preferences to local bidders was found except in cases of tie bids. This is the case in the City of Milwaukee Central Board of Purchases and only in the event of tie bids is it implemented. This provides for a sequence of preferences considering whether the goods are manufactured in the City or are subject to a substantial operation in the City or are only sold in the City.

Regarding purchases made locally, it is estimated that approximately 80% of the dollar value of orders placed are with firms based in the City of Milwaukee.

Copper Price Increases and Shortages

Especially in the early part of the year, was the copper shortage felt. Cable prices were up approximately 25% over the previous purchase and deliveries were running 180 days at the beginning of the year. There was a difficult supply situation with all copper and brass goods - in addition to cable, wire, valves, etc.

Other non-ferrous items also reflected sharp increases in prices early in the year.

Long Position Vacancies

Particularly distressing were the position vacancies which occurred during the year and the long time required to fill them through the prescribed procedure. These instances invariably seem to happen during our busiest times.

The position of Deputy City Purchasing Agent was vacated on November 19, 1965, and the position was filled on April 25, 1966.

With the advancement of one of the buyers to the position of Deputy City Purchasing Agent, the Buyer position was open from April 25 to October 3.

On July 23, Harold Krueger, a veteran buyer, transferred to the Board of School Directors and his replacement was appointed on October 3. However, after six weeks of instructions and training, this Buyer transferred to another department and the lengthy procedure had to be repeated.

Talks By the City Purchasing Agent

Wisconsin Paint, Varnish and Lacquer Association on January 27, 1966, on a "Sales Versus Purchasing" two man presentation.

Lakeside Bridge and Steel Company Management Club on March 9, 1966, on the operations of the centralized purchasing department.

The Government Affairs Committee of the West Allis Chamber of Commerce explaining the offer to the City of West Allis to withdraw stock from the Municipal Warehouse. This was presented on March 23, 1966.

At the Conference of the National Institute of Governmental Purchasing held in the Hotel Commodore

in New York October 16 - 19th, delivered a paper on "Public Bidding Procedures".

Chairman of the Resolutions Committee at the above Conference.

Presented past president's gavel to the retiring president at the same Conference.

The Right Source

A good example of what a little exploratory telephoning can do. An overpass for student pedestrians over a freeway artery was being pushed by one of the aldermen because of the safety of the students involved. Sixty-five handrail supports for the overpass at North 6th and West Galena Streets were needed. Despite the "rush and urgency" of the job and that the suggested vendor could deliver them for \$800 in twenty days, the Buyer telephoned other logical sources. Without any delay he was able to place an order for \$99.16 with delivery in five days affecting a \$700 saving.

Cost of Rush Order

In January, 1966, we purchased 18 reams of 17 x 28 - 25½ pound green No. 1 sulphite bond on bids with a large quantity of paper amounting to about \$6,000. We paid \$4.10 per ream. On an emergency purchase on October 28, three telephone bids were received with the lowest price being \$7.22 per ream for the same brand of paper.

Close Bidding

Bids for gasoline on July 21 resulted in the smallest variation in prices for a long time. The bids of the low and the second low bidder are listed.

	American Oil Company	Texaco Inc.
Item 1 - 500,000 gallons regular gasoline	\$.1144	\$.1145
Net Total	\$56,628.00	\$56,677.50
Item 2 - 112,000 gallons premium gasoline	\$.1294	\$.1295
Net Total	\$14,347.87	\$14,358.96
Item 3 - 150,000 gallons premium gasoline	\$.1294	\$.1295
Net Total	\$19,215.90	\$19,230.75
Item 4 - 50,000 gallons regular gasoline	\$.114	\$.1145
Net Total	\$ 5,643.00	\$ 5,667.75

Appropriate Substitution

The Bureau of Municipal Equipment had been using a certain brand of terminals for several years. We have asked them to try a competitive brand. Both terminals are Underwriters Laboratory approved. We finally did get approval of the equality of both brands and on competitive bids the brand which we have been using would have cost us \$996.78 for a specified lot whereas the newly approved terminal cost us \$533.94.

Savings in Printing

Two hundred and fifty name cards engraved and printed were ordered for one of the departments at \$37.50. Several months later, 2,000 additional cards for \$113 were ordered. We paid almost three times as much for the first smaller lot and immediately brought this to the department's attention for future consideration.

AFFILIATIONS

City Purchasing Agent

National Institute of Governmental Purchasing

Member - Board of Directors - Former President

Member - Professional Development Committee

Member - Identical and Rigged Bids Committee

Member - Standardization Committee

Alternate Member - Oral Examining Board for Certification

Milwaukee Association of Purchasing Agents*

Co-Chairman - Exhibits for Products of Industry 1968 Exhibit

Member - Public Relations Committee

Member - Communications Committee

Wisconsin Association of Public Purchasers

Former President

Deputy City Purchasing Agent

Milwaukee Association of Purchasing Agents*

Wisconsin Association of Public Purchasers

(*Includes membership in National Association of Purchasing Agents)

NATIONAL INSTITUTE OF GOVERNMENTAL PURCHASING CODE OF ETHICS

The Institute believes that the following ethical principles should govern the conduct of every person employed by a governmental buying agency:

(1) He does not seek or accept a position as head or employee of a governmental purchasing agency unless fully in accord with the professional principles of governmental purchasing and unless he is confident that he is qualified to serve under these principles to the advantage of the governmental jurisdiction which employs him.

(2) He believes in the dignity and worth of the service rendered by government and his own social responsibility as a trusted public servant.

(3) He is governed by the highest ideals of honor and integrity in all public and personal relationships in order that he may merit the respect and inspire the confidence of the agency and the public which he serves.

(4) He believes that personal aggrandizement or personal profit obtained through misuse of public or personal relationships is dishonest.

(5) He believes that members of the Institute and its staff should at no time, or under any circumstances, accept, directly or indirectly, gifts or other things of value from vendors.

(6) He keeps the governmental jurisdiction which employs him informed, through appropriate channels, on problems and progress of the agency which he serves, but keeps himself in the background by emphasizing the importance of the facts.

(7) He resists encroachment on his control of personnel in order to preserve his integrity as a professional administrator. He handles all personnel matters on a merit basis. Political, religious and racial considerations carry no weight in personnel administration in the agency which he directs or serves.

(8) He does not seek nor dispense personal favors. He handles each administrative problem objectively without discrimination on the basis of principle and justice.

(9) He subscribes to and supports the professional objectives of the National Institute of Governmental Purchasing.

PERSONNEL

Personnel Changes

<u>Name - Title - Division</u>	<u>Action</u>	<u>Effective Date</u>
Joseph Vorndran Clerk III Administration Division	Resigned	February 18, 1966
Curtis Seefeldt Duplicating Equipment Operator III Central Reproduction Division	Resigned	May 3, 1966
Harold Krueger Buyer Buying Division	Transferred to School Board	July 23, 1966
Sandra Foster Clerk Typist II Administration Division	Resigned	August 31, 1966
Loren McKillip Duplicating Equipment Operator I Central Reproduction Division	Appointed Termination of appointment during probationary period	September 8, 1966 September 22, 1966
Thomas Glubka Duplicating Equipment Operator I Central Reproduction Division	Provisional Appointment	September 28, 1966
Frederick Kneisler Buyer Buying Division	Appointed	October 3, 1966
Howard Dunkelow Buyer Buying Division	Appointed	October 3, 1966
Mrs. Dorothy Snamiska Clerk Typist I Administration Division	Appointed	September 12, 1966
Mrs. Dorothy E. Jarvella Clerk Stenographer Administration Division	Appointed	November 14, 1966
Howard Dunkelow Buyer Buying Division	Transferred to City Service Commission	November 21, 1966

THANKS -

To Predecessors -

Who have established a respected Board and Department of Purchases by the sound fundamentals which they have inculcated into the City of Milwaukee's administrative functions. Because of their efforts, this Municipality is recognized as one having an exemplary purchasing organization.

To Board Members -

Who, serving in an ex-officio capacity, have given time and thought in deliberations on matters before the Board and the several committees.

To the Common Council -

Who gave support for a sound public purchasing program. Two members are valued and dedicated ex-officio members of the Board - the President of the Common Council and the Chairman of the Finance-Printing Committee. Council President Martin E. Schreiber served as Vice-Chairman of the Board and in view of the Mayor's busy schedule, presided at most of the meetings.

To City Personnel -

For assistance from officials, department heads and employees when they were called upon by this department in many ways. Special thanks to the Bureau of Bridges and Buildings for lending man power assistance in the lengthy physical furniture tests and handling the larger incoming shipments of equipment and materials.

To George A. Bowman, Jr. -

Who, as an Assistant City Attorney, most capably handled the legal aspects of our work and his valued counsel and opinions were highly respected.

To Albert H. Hall -

Who, as Executive Vice President of the National Institute of Governmental Purchasing, together with his staff have been called on innumerable times to furnish professional information and assistance.

To Fellow Public Purchasing Agents -

Who, with their unselfish interchange of professional information, have exhibited an esteemed cooperation not practiced in private purchasing.

To the Staff -

Who were most important as a loyal and dedicated group to achieve the aims and objectives of a good public buying program and who have reached these objectives with a splendid esprit de corps.

THE OPTIMIST CREED

Promise Yourself

- To be so strong that nothing can disturb your peace of mind.
- To talk health, happiness and prosperity to every person you meet.
- To make all your friends feel that there is something in them.
- To look at the sunny side of everything and make your optimism come true.
- To think only of the best, to work only for the best, and expect only the best.
- To be just as enthusiastic about the success of others as you are about your own.
- To forget the mistakes of the past and press on to the greater achievements of the future.
- To wear a cheerful countenance at all times and give every living creature you meet a smile.
- To give so much time to the improvement of yourself that you have no time to criticize others.
- To be too large for worry, too noble for anger, too strong for fear and too happy to permit the presence of trouble.

—*Christian D. Larson*

352.0775
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1967

50th

ANNUAL REPORT

CENTRAL BOARD OF PURCHASES

CITY OF MILWAUKEE, WISCONSIN

ADMINISTRATION • BUYING

INVENTORY CONTROL

MUNICIPAL WAREHOUSE

PETROLEUM PRODUCTS STORES

REPRODUCTION OF FORMS
PHOTOGRAPHIC EQUIPMENT POOL

M A I L S E R V I C E
M E S S E N G E R S E R V I C E

S A L V A G E D I S P O S A L
R E C E I V I N G S E R V I C E

1967

THE DEPT. OF J.E.
MAY 31 1968
UNIVERSITY OF MICHIGAN

50th

ANNUAL REPORT

CENTRAL BOARD OF PURCHASES

1967

CITY OF MILWAUKEE

MAYOR HENRY W. MAIER
CHAIRMAN

ALD. MARTIN E. SCHREIBER
VICE CHAIRMAN

JOHN E. KALUPA

ALD. FRED F. SCHALLERT

EDWIN C. WHITNEY

HERBERT A. GOETSCH

ELMER W. BECKER

BUYING
MUNICIPAL WAREHOUSE
PETROLEUM PRODUCTS STORES
INVENTORY CONTROL
RECEIVING SERVICE

REPRODUCTION OF FORMS
PHOTOGRAPHIC EQUIPMENT POOL
MAIL SERVICE
MESSENGER SERVICE
SALVAGE DISPOSAL

ANDREW L. LEHRBAUMMER, C.P.P.O.
Secretary Central Board of Purchases and City Purchasing Agent

LEON P. KLAUS
Deputy City Purchasing Agent

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FOREWORD

This is the "Golden Anniversary" Annual Report issued by the Central Board of Purchases, Consecutive reports have been issued starting in 1918. This departmental report, necessarily restricted in cost, furnishes more details and statistics than appear in the official City of Milwaukee "1968 Directory and Report of City Progress in 1967", published by the Common Council and compiled and edited by the Municipal Reference Librarian. A short description of the operations of each of the approximately fifty departments, boards and commissions, including the Central Board of Purchases, appears in a section highlighting its activities.

Reports such as this are exchanged with those issued by other public buying agencies and the comparison of operations affords a wealth of information and suggestions. Wide mutual benefits are received through such interchange to gain "More Value For the Tax Dollar". Numerous requests for information on our operations are received and this report in many instances serves as a valuable reference and response for such inquiries.

Private industry looks to its purchasing operations to improve the profit picture in these competitive days. Likewise its counterpart in government seeks to get better mileage from the tax dollar as public officials become more cognizant that centralized purchasing is a tax-cutting function.

There has been an accelerating trend toward centralization among public entities. With mounting financial woes, a sound buying program helps to stretch the tax dollar. Especially since the formation of the National Institute of Governmental Purchasing in Milwaukee in 1944 has conspicuous progress been made in the sensitive administrative area of public purchasing. It is gratifying to observe that many public buying agencies throughout the United States and Canada are apparently patterned after that of the City of Milwaukee.

Through centralized purchasing, the recognized saving of fifteen per cent on total purchases of \$13,000,047 or \$1,950,006 was realized during 1967. There are also many intangible gains, such as vendor good will, which are assets to the City.

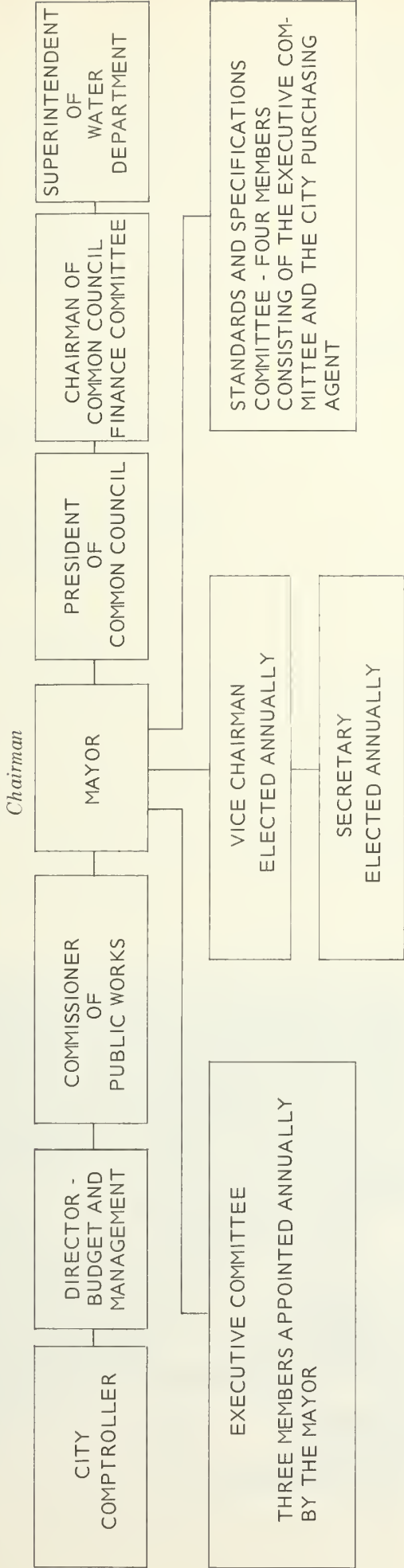
The statistical information herein is not available until after February 1. Issuance of this report is necessarily delayed until after that date, which runs into our busiest period. However, we strive to publish this report as soon as practicable.

Your interest in our operations and accomplishments is appreciated.

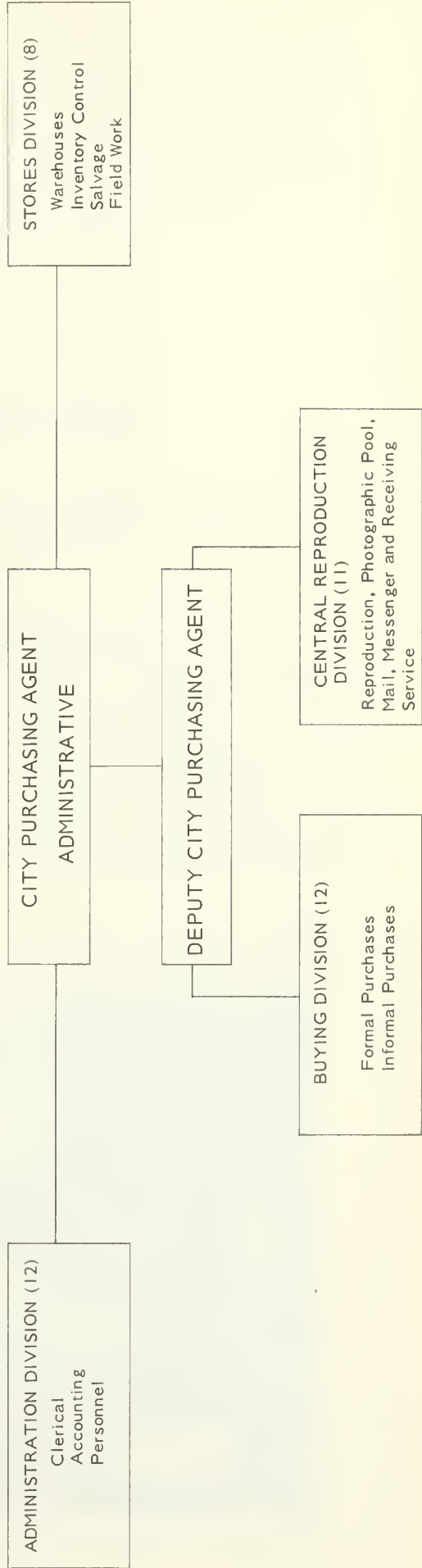
Respectfully submitted,

Andrew L. Lehrbaummer
*Secretary, Central Board of Purchases
and City Purchasing Agent*

CENTRAL BOARD OF PURCHASES



DEPARTMENT OF PURCHASES



CENTRAL BOARD OF PURCHASES

The Central Board of Purchases was created under Chapter 297, Laws of 1917 of the State of Wisconsin, on May 21, 1917. This was the Fiftieth year that Milwaukee has operated under a central purchasing authority, establishing itself as a pioneer in this growing concept of public buying. Since its inception, it is conservatively estimated that at the generally accepted fifteen per cent saving, over \$60,000,000 in addition to intangible benefits, has been realized on purchases of materials, supplies, equipment and services for the City of Milwaukee.

The ex-officio Board members during 1967 were as follows:

Mayor
(Henry W. Maier)
Chairman

President of the Common Council
(Ald. Martin E. Schreiber)
Vice-Chairman

City Comptroller
(John E. Kalupa)

Chairman of the Common Council
Finance-Printing Committee
(Ald. Fred F. Schallert)

Director Budget and Management
(Edwin C. Whitney)

Commissioner of Public Works
(Herbert A. Goetsch)

Superintendent of the Water Works
(Elmer W. Becker)

This Board, composed of four elected officials and three department heads, establishes policy and is authorized to purchase or to provide for the purchase of all materials, supplies and equipment for the use of all departments, boards and commissions of the City government, for which budget funds have been previously appropriated. Purchases in excess of \$5,000 require official advertising for six days and award of the contract by the Board at stated public meetings. All interested bidders are invited to attend meetings and are privileged to be heard. Purchases less than \$5,000 are handled by the staff. Most contracts include a surety as a third party to assure performance.

Authority of the Board, as delegated by State law, empowers it to call upon any officer, board or commission to assist in the purchasing function.



L to R Ald. Martin E. Schreiber; Ald. Fred F. Schallert; Andrew L. Lehrbaummer, Secretary; John E. Kalupa, Edwin C. Whitney, Herbert A. Goetsch; Bidders.

EXECUTIVE COMMITTEE

The Chairman annually appoints a three-man Executive Committee to function as directed by the Board and to act in emergency situations. During 1967, this Committee consisted of:

Herbert A. Goetsch – Commissioner of Public Works (Chairman)

John E. Kalupa – City Comptroller

Edwin C. Whitney – Director Budget and Management

Elmer W. Becker – Superintendent of the Water Department (alternate)

STANDARDS AND SPECIFICATIONS COMMITTEE

The Executive Committee also serves as the Standards and Specifications Committee, augmented by the City Purchasing Agent. It strives for simplification and standardization of materials, supplies and equipment. The objective is to reduce the types and kinds of commodities allowing the competitive purchases of larger quantities, which among other advantages, commands lower prices.

The major part of the time of this Committee, however, is spent in reviewing tentative or controversial equipment specifications with prospective bidders. This review takes place before bids are requested so that an acceptable specification is employed and charges of “slanted” specifications are eliminated.

DEPARTMENT OF PURCHASES

The City Purchasing Agent is designated by the Central Board of Purchases as the administrator of the Department of Purchases. He is responsible for the purchase of all materials, supplies, equipment and minor services (less than \$1,000) for all departments, boards and commissions under the control of the Common Council with a few statutory exceptions.

The Department includes the following four divisions with a total of 43 employees. The number of employees in each division is indicated in parenthesis.

1. Buying (12)
2. Administration (12)
3. Stores (8)
4. Central Reproduction (11)

10 YEAR COMPARATIVE DOLLAR OPERATION

<u>Year</u>	<u>Total Purchases</u>	<u>On A Budget Of -</u>	<u>Cash Discounts Earned</u>
1958	\$ 9,872,267	\$ 131,477	\$ 62,113
1959	10,506,388	127,755	65,385
1960	13,302,369	177,975	66,842
1961	12,277,664	161,988	72,716
1962	11,495,798	174,773	73,457
1963	12,404,750	247,293	75,614
1964	12,049,834	203,704	68,297
1965	12,210,578	213,715	76,917
1966	13,328,122	231,680	78,174
1967	13,047,000	212,535	83,790

Some of the conspicuous variations in the annual budget appropriations were due to the addition or curtailment of functions and the required personnel.

BUYING DIVISION

Leon P. Klaus, the Deputy City Purchasing Agent is in charge of the division, having assumed it on April 25, 1966.

This unit includes six buyers, each of whom have an assignment of a complement of commodities. These assignments are not changed except where circumstances dictate. Accumulating buyer experience in each of the commodities reflects continuous greater savings to the City. All purchases less than \$5,000 are handled by this division, through which is processed approximately ninety-five per cent of the numerical volume or fifty per cent of the dollar volume of transactions. Written sealed bids are solicited whenever practicable and opened publicly.

Interviewing salesmen; telephoning; correspondence; preparing bids; making awards; arranging for tests, inspections and rejections, all make the day of a buyer a very busy one. Buyers are required to be college graduates. Three have less than one year's experience in the department.

The following eight year comparative report of transactions depicts the continuing effort to reduce paperwork and affect multiple savings.

<u>Year</u>	<u>Number of Requisitions Received</u>	<u>Number of Purchase Orders Issued</u>	<u>Average Number of Purchase Orders per Requisition</u>
1960	14,576	19,935	1.37
1961	13,597	16,269	1.20
1962	14,447	14,484	1.00
1963	16,350	15,363	.94
1964	15,694	13,370	.86
1965	15,590	13,700	.88
1966	13,851	14,465	1.04
1967	14,902	13,539	.91

After a satisfying reduction in the number of purchase orders issued during 1960-1965, departments were encouraged to include more line items of commodities on a requisition, accounting for the ratio increase shown in the right hand column during 1966. The efficient ratio was continued in 1967.

Inspection and Testing

Unless we are assured that the goods delivered comply with the specification and are what we are paying for, we have not made a good purchase. Therefore, inspection and testing is considered a vital part of the buying program. Most of the tests are performed by the City Testing Laboratory. These costs are charged to us.

While each delivery is not checked, the possibility of an inspection keeps all vendors alert and exerts a conspicuous psychological effect. In the event of rejection, vendors are given one opportunity only for satisfactory replacement.

ADMINISTRATION DIVISION

This Division performs all the clerical, personnel and accounting functions in the Department. Budget preparation. Accounting, Records, Payroll, Bid preparation and Tabulation are some of the main categories. Mrs. Alice O. Last, Administrative Assistant I is in charge. Her statistical report follows:

COMPARATIVE BUSINESS TRANSACTED 1966 and 1967

	<u>1967</u>	<u>1966</u>		
Purchase Orders —	\$ 13,539	\$ 14,465	\$ 926	Decrease
Gross	\$ 5,402,376.38	\$ 5,025,896.65	\$376,479.73	Increase
Cash Discount	39,290.61	36,124.95	3,165.66	Increase
Net	\$ 5,363,085.77	\$ 4,989,771.70	\$373,314.07	Increase
Contracts —	<u>173</u>	<u>114</u>	<u>59</u>	<u>Increase</u>
Gross	\$ 2,778,110.38	\$ 3,580,505.76	\$802,395.38	Decrease
Cash Discount	7,799.42	8,751.63	952.21	Decrease
Net	\$ 2,770,310.96	\$ 3,571,754.13	\$801,443.17	Decrease
Misc. Payment Certifications —				
Gross	\$ 4,903,350.40	\$ 4,721,719.80	\$181,630.60	Increase
Cash Discount	36,700.11	33,298.36	3,401.75	Increase
Net	\$ 4,866,650.29	\$ 4,688,421.44	\$178,228.85	Increase
Total —				
Gross	\$13,083,837.16	\$13,328,122.21	\$244,285.05	Decrease
Cash Discount	83,790.14	78,174.94	5,615.20	Increase
Net	\$13,000,047.02	\$13,249,947.27	\$249,900.25	Decrease

TABULATING BIDS

While it is considered quite routine, the time consuming tabulation of bids is one of the most important functions in the competitive bidding system. Accuracy is an absolute necessity, as many contracts are awarded by small variations in the bids. The tabulations must be unchallengingly correct and every precaution is taken against possible errors.

At the time of the bid opening, hand written entries are made on a pre-prepared tabulation sheet. This serves as an original entry and is retained with the bid file in the event a question arises as to whether a bid was received by the opening, the prices which were read, etc. Any reference to these original tabulations after the bid opening is accompanied with an explanation that the correctness is not vouched for until the formal tabulation is prepared.

In many bids, long lists of items are included on which a unit bid is requested. These items must be extended by multiplying the quantity by the unit price, totaling all of the items and then deducting trade-ins and cash discount. The tabulator must observe the conditions of the bid and scrutinize whether the bid conforms. Occasionally, over and above the requirements of the City, a special acceptable consideration is offered, such as a 5% additional discount if awarded all of the items on the bid. At the reading, the bids are only superficially scrutinized for compliance, as time does not permit any more. The tabulator must make a thorough review of the bid.

Depending upon the type of bid, the tabulation is prepared accordingly. For some, individual awards are specified while for others, aggregate awards. Finally, the employee rechecks the bid tabulation with another employee after which it is approved for posting and distribution.

STORES DIVISION

This division carries on all of the field work of the Department. This includes:

1. Operation of the Municipal Warehouse (Carries items of common use for all departments).
2. Operation of the Bulk Petroleum Plant (Distributes gasoline, motor oil, kerosene and lubricants to the various departments).
3. Inventory Control (Stock supervision is extended to include stores locations of other Departments for which a master inventory control is maintained).
4. Salvage Disposal (Obsolete equipment or materials from all departments are turned over to the Purchasing Department and are either transferred to other departments, traded-in or sold. These operations include scrap and junk disposal by bids, annual police auction of unclaimed articles, sale of outdated fire hose, sealed bid sales of wrecked, abandoned and tow-away cars, inventorying and disposing of furnishings in real estate acquired by the City and other related functions).
5. Partial testing, inspection and special services programs.

Municipal Warehouse disbursements were billed at \$185,328, an increase of 27% over 1966. As buyers recommend new items, they are added to stock whenever feasible. Those whose activity does not warrant further stocking, are discontinued. Using departments benefit by the ready availability of standardized, tested materials.

Petroleum products disbursements were billed at \$187,998, an increase of 20% over 1966, despite the installation of large gasoline tanks at newly built facilities, which receive direct transport deliveries. The City is a licensed wholesaler paying the State of Wisconsin approximately \$185,000 in taxes annually. The City is exempt from the Federal taxes on petroleum products.

Arthur H. Hunkel, Stores Supervisor, is in charge of this division. His report follows:



MUNICIPAL WAREHOUSE

3 YEAR COMPARATIVE OPERATIONS REPORT

	<u>1967</u>	<u>1966</u>	<u>1965</u>
MUNICIPAL WAREHOUSE:			
Inventory - year end	\$143,985.44	\$139,574.23	\$134,908.66
Billing - stock issued	\$185,328.62	\$146,781.57	\$153,472.05
RECEIPTS:			
Shipments, number of	396	346	404
Items, number of	826	861	1,006
DELIVERIES:			
Stops, number of	884	1,090	1,147
Requisitions filled, number of	3,672	3,782	3,768
Items, number of	8,732	9,088	9,345
PETROLEUM STORES:			
Inventory - year end	\$ 21,466.19	\$ 10,997.66	\$ 30,132.72
State Gasoline Tax	<u>\$ 7,420.00</u>	<u>\$ 4,858.00</u>	<u>\$ 11,871.00</u>
Total Inventory	\$ 28,886.19	\$ 15,855.66	\$ 42,003.72
BILLING-STOCK ISSUED:			
Petroleum Products	\$134,684.80	\$114,909.58	\$112,025.26
State Gasoline Tax	<u>\$ 53,313.54</u>	<u>\$ 42,143.77</u>	<u>\$ 39,324.30</u>
Total Billings	\$187,998.34	\$157,053.35	\$151,349.56
RECEIPTS:			
Shipments, number of	111	80	108
Items, number of	111	80	108
DELIVERIES:			
Stops, number of	1,353	1,209	1,338
Delivery Tickets ,	1,405	1,311	1,400
Items, number of	2,416	2,174	2,393
EMERGENCY STATIONERY STORES			
Inventory - year end	\$ 351.33	\$ 376.47	\$ 440.41
Billings	\$ 24.32	\$ 128.59	\$ 143.33
TOTALS FOR STORES DIVISION			
Inventory - year end	\$173,222.96	\$155,806.36	\$177,352.79
Billings	\$373,341.28	\$303,963.81	\$304,964.94
RECEIPTS			
Shipments	507	426	512
Items	937	941	1,114

DELIVERIES:

Stops	2,237	2,299	2,485
Delivery Tickets	5,077	5,093	5,168
Items	11,148	11,148	11,738

MUNICIPAL WAREHOUSE SALES TO OTHER PUBLIC AGENCIES IN MILWAUKEE COUNTY

A Common Council resolution passed in April 1966 allowed other public buying agencies (of which there are approximately 30) in Milwaukee County to make withdrawals from the Municipal Warehouse. Invitations to participate were sent to all.

Four government agencies themselves availed themselves of this offer. Billing for these materials amounted to \$2,683.95.

THREE YEAR COMPARATIVE SALVAGE DISPOSAL REPORT

	<u>1967</u>	<u>1966</u>	<u>1965</u>
Receipts from sale of scrap and junk	\$ 54,278.05	\$26,077.50	\$30,514.03
Receipts from sale of used police vehicles	13,965.67	20,881.46	28,128.45
Receipts from sale of abandoned and wrecked cars	21,092.34 (647)	18,451.97 (683)	12,167.63 (500)
Receipts from police auction	3,964.55	3,770.85	4,330.45
Receipts from sale of old equipment - Miscellaneous	7,407.67	14,248.76	836.67
Total Receipts	\$100,708.28	\$83,430.54	\$75,977.23

(Other usable equipment and supplies were transferred to various City Departments at no charge)

Comments

The sale of wrecked and abandoned cars continues to increase. The required storage space, while the title search is conducted during the thirty day retention period, is a constant problem. Disposal of these unclaimed automobiles is a very costly operation for the City, especially on abandoned cars, which are towed by the Department of Public Works, investigated for title and lien clearance by the Police and sold via sealed bids by the Purchasing Department. These costs are conservatively estimated at \$100 per car while the receipts for the sale average \$15-20. These are sold only to used parts dealers. The market on this scrap has been low as the supply of new cars is increasing each year while the demand for scrap has lessened since the steel mills have altered their processes of production.

New methods have recently been introduced for the complete disintegration of old automobiles. This should aid in the national beautification program and hasten earlier disposal legislation and also alleviate the burden placed on the City in disposing of these "junkers".

CENTRAL REPRODUCTION DIVISION

The report of M. Norbert Weber, Duplicating Services Supervisor, is as follows:--

This Division produces duplicating work for all of the departments, boards and commissions with a few exceptions because of the confidential nature of the work. Processes used are offset duplicating, electrostatic duplication, spirit duplicating, and Photo-direct plate making. Plates or original composition are kept on file for future use. Costs of this production are billed to the respective departments and payments of these charges offset the expenditures made from a rotary account.

It also maintains a photographic equipment pool from which all departments obtain the proper photographic, visual aid, audio and other similar equipment, which they require for a specific application. Incoming and outgoing U. S. mail and messenger service to all departments is also performed. Three messenger trips are made to all departments each day in the City Hall and Municipal Building. It also maintains the Receiving Division and is responsible for all merchandise received at the loading dock and the forwarding thereof to the requisitioning department in the City Hall or Municipal Building. The City Hall Emergency Stationery Store is manned by this personnel.

A report of comparative billings to the various departments over the last five years follows. The constantly increasing work-load, the increase in copy service and the increase in postage are conspicuous.

	<u>1967</u>	<u>1966</u>	<u>1965</u>	<u>1964</u>	<u>1963</u>
Offset Reproduction	\$ 46,248.15	\$ 49,813.12	\$ 47,387.45	\$ 47,854.61	\$ 37,938.24
Electrostatic, Mimeographing and Spirit Duplication	52,461.06	37,541.18	27,903.44	25,008.09	36,487.10
Copy Service	27,072.34	19,709.40	13,930.92	11,527.08	8,229.76
Photographic	6,931.61	6,296.62	4,947.09	3,975.49	3,932.54
Postage (Mail Room)	78,642.71	75,707.59	71,331.69	68,546.09	61,861.27
Total	\$211,355.87	\$189,067.91	\$165,500.59	\$156,911.36	\$148,448.91

The year 1967 continued a general increase of work in the Division. The total billing for the work performed during the year amounted to \$132,713 compared to \$113,360 in 1966 an increase of 17%.

Electrostatic Duplicating

In 1967, 45,594 Electrostatic masters were run with a total of 2,735,363 impressions.

Copy Service

There was a noted increase of 45% over 1966 and almost 101% over 1965 in the use of copying equipment by all of the City Departments.

In 1967.....407,180 copies made.

In 1966.....280,190 copies made.

In 1965.....203,008 copies made.

Mail Service

The postal charges to the respective departments for 1967 amounted to \$78,642.71, an increase of \$2,935.12 or 3-3/4% over 1966. This signifies an average monthly postage bill of \$6,553.55 for the City. A general increase in rates will go into effect in 1968.

In 1967 the envelope inserting machine stuffed 288,706 envelopes compared to 239,403 in 1966.

City Hall Stationery Store

In 1961 provisions were made to dispense small storehouse items on an emergency basis. Twenty-two orders were processed in 1967 or an average of two per month. The small use of this facility speaks well for the foresight employed in requisitioning stationery items in the regular procedure.

Receiving Dock

In 1967, 4,439 orders were received and processed at the loading dock.

Conclusion

It is interesting to note that the Central Reproduction Division has been entirely self-sustaining since its inception in 1949, having received no budget appropriations except for the purchase of new equipment. The U. S. mail and messenger service, handled since 1960, is operated under budget appropriations.

I would like to take this opportunity to express my gratitude and thanks to the employees of this division without whose loyal support and cooperation this favorable report would not be possible.

DID YOU KNOW THAT

. the City of Milwaukee is exempt from Federal excise taxes on a long list of commodities, ranging up to 11% of the manufacturer's sale price? We are also exempt from the Federal tax on telephone and teletype service as well as air transportation of City employees on official business. There is also an exemption from the State of Wisconsin sales tax. However, we do pay the State of Wisconsin gasoline tax and remit direct to the State Treasurer as a wholesaler. In 1967, these remittances amounted to \$185,315.69.

. with the lack of adequate standard specifications for office furniture, the City of Milwaukee has prepared a specification for its competitive purchases which requires the desks, chairs, filing cabinets, tables, bookcases, etc. to meet certain physical tests? Makes of furniture are prequalified for once a year bidding by the performance of these tests. The furniture is finished in a standard City of Milwaukee color to allow shifting among different divisions and departments.

. a thorough study of house numbers was performed in 1931 in connection with the program to renumber the city? Many considerations for good visibility and readability prompted the adoption of the present official digits. A pamphlet describing these tests was compiled and is available.

. the many complaints made to the Street Sanitation and Purchasing Departments during the winter, when rock salt is used on the streets, are made by people who do not realize the benefits of this product and overemphasize the corrosive effect of it on motor vehicles? A more caustic product which the City is required to use, when the temperature falls below 5° F. the point at which rock salt refreezes, is calcium chloride. Without the efficient program of spreading rock salt on the City's streets, conditions which the old timers will remember, would return. Therefore, whenever "rock salt" is mentioned, the hat should be removed and the head bowed.

. because of the lack of adequate specifications the City of Milwaukee keeps a detailed record of each tire which it purchases? Only those which give good service are qualified for bidding for these annual awards. Each tire is branded with a number and a corresponding history record card on which is entered the original mileage and the mileage after recapping, together with any other service notations or expenditures. When the tire is discarded, the performance is entered on a summary sheet, which in addition to the total mileage also shows the per centage which lend themselves to recapping. Twenty per cent of the money expended for tires is used to purchase non-qualified brands to keep abreast of the experience on these after changes in manufacture have been made.

. it is very often necessary to go to considerable lengths to sustain certain requirements of a product which we specified? The best example was the purchase of silica sand, from a certain area which alone had the proper encrustation to form the bind in road material prepared at the City's Asphalt Plant. Geologists from the Public Museum, the University of Wisconsin and Marquette University had to substantiate this need in our specification for competitive bidding.

. the horses for the mounted police, when that service was discontinued, were sold by competitive bids? More than the price, the furnishing of a good future home was a paramount consideration.

. for the last five years, the Purchasing Department has had extreme difficulty in securing the necessary trees for planting on the streets by the City Forestry Department? Replanting of areas ravished by the Dutch Elm disease and plantings along expressway routes have created a continuous nursery shortage. Bids now allow for a liberal substitution in caliper, height, specie and quantity. This struggle to meet our requirements on a mediocre basis will apparently last for several more years.

HERE AND THERE

Business Conditions.

Demand for goods did not warrant the continued increases in prices during 1967. Many firms went through a liquidation of their material inventories. Toward the latter part of the year, after this inventory liquidation slowed, some steel hedging against a possible strike in August of 1968 stimulated the demand for this prime material.

Strikes and labor costs, no doubt, contributed to higher prices and rumors abounded that firms, who foresaw price controls in the near future, took such action to be in a favorable price position when the government intervened.

Voting machines.

An additional 225 voting machines, augmenting the 800 purchased in 1966, were ordered on June 1. This exercised an option in the contract to acquire these before that date. They were purchased on the same basis as the original lot — on a lease basis, with the rental paid to apply on an optional purchase within ten years.

These additional machines were also included in the effective storage and transportation contract, which the City entered into at the time of the acquisition of the original lot.

Rock Salt Settlement.

The City of Milwaukee received a settlement in its successful suit against suppliers of rock salt, representing triple damages for overcharges during the period 1951 to 1961. This City was a prime complainer about identical bids. The defendants were found guilty in a civil suit in Federal court resulting in an award to the City of \$183,338. Expenses to conduct the suit were \$47,278 so the City was reimbursed for \$136,060.

Notwithstanding the culmination of many years of identical bidding on rock salt, the three major suppliers, again during 1967, bid identically — \$7.04 per ton in boatloads. No award was made on the first request for bids because of the non-competition, but the second bids were also \$7.04 per ton and identical

Window Glass Substitutes

Because of the widespread and accelerating window glass damage and vandalism, the Central Board of Purchases directed that a comprehensive study of potential substitutes be made. Seven different materials were reviewed by a Committee and various tests by the City Testing Laboratory for the desired qualities were performed. The findings were submitted to the Board who directed that the manufacturers of the various products be apprised of our findings and urged to continue and increase their research and development efforts to market a more adequate product for these times.

Total Cost Bidding

Sometimes called "life cycle purchasing" the introduction of this concept of bidding on equipment in several other public buying agencies was closely watched. It entails consideration of bids on (1) the original acquisition cost (2) a guaranteed maintenance cost and (3) a guaranteed tradein after a designated period of use.

A well known manufacturer of tractors and graders carried on a national advertising campaign advocating this type of bidding. The Standards and Specifications Committee invited all of the bidders on construction equipment to a meeting to discuss the introduction of this concept of public bidding in Milwaukee, but only one of those present was in favor. The Committee saw some merit in the plan but decided to lay over the possible introduction until one of the other public buying agencies had completed the experience of a life cycle. It will be reviewed again approximately July 1, 1968.

Frank R. Lacey, Jr.

A devoted and loyal employee of the City of Milwaukee for forty-five years — all in the Central Board of Purchases — passed away October 21, 1967. This happened one week after his co-workers and friends held a farewell dinner for him. It was inopportune, too, as his retirement had not been effective for thirty days to qualify him for the pension option he selected. He began employment with this department April 3, 1923 and was charged with the disposal of all unusable equipment and scrap. He built for this department a reputation for high ethics and integrity during the years he served as Salvage Disposal Supervisor. A laughable, lovable Irishman, he will be sadly missed.

Insurance

By action of the Common Council an insurance consultant was retained to study the City's coverage. Working with the City Comptroller, the extent and the amount of coverage were reviewed. Combinations were affected to produce the most attractive rates.

Specifications and a schedule were prepared to obtain bids on excess catastrophe insurance incurred during major disturbances in the City, but no bids were received.

Minimum Billing

The delivery of small orders is becoming increasingly difficult to affect with rising labor and equipment rates. Some firms have notified this department that their minimum billing will be \$20. While it is realistic and understandable, it is becoming an increasing problem with the City with its many delivery points. Use of the petty cash system is being employed in more such instances.

Commodity Price Study

On May 18 representatives of the University of Chicago worked in this Department to record the price trends of commodities over a ten year period.

Services

The Milwaukee Charter provides that any bids for work performed for the City of Milwaukee in excess of \$1,000 be under the jurisdiction of the Commissioner of Public Works. It is assumed that any lesser amounts are considered "minor services" and have been handled by the Purchasing Department. The Charter is nebulous in this area. However, additional bids on various services have been awarded by the Central Board of Purchases over the last several years. These include contracts for janitorial services, storage and transportation of voting machines, laundry service, insurance and other.

Operations During Disturbances

Some precarious operations were carried out on July 31 and the several ensuing days of the curfew. It was necessary to make gasoline deliveries from the petroleum plant to various fire and police stations. Police escorts were arranged for such deliveries.

Police guards were provided for the municipal gasoline supply at North Hawley and West State Streets.

A trailer of ammunition, shipped on a contract awarded to an eastern firm, arrived at a most inopportune time during the disturbances. This was regular stock which is ordered annually for the police department. The circumstances required that a police escort meet the trailer at the outer limits of the City and escort it to the No. 1 Police station at North 8th and West State Streets.

An emergency purchase of hard hats was made and other emergency situations were met.

Appearances By The City Purchasing Agent

On January 19 a program on cooperative public purchasing was presented for the American Society for Public Administration in Milwaukee. The Executive Director of the Citizens Governmental Research Bureau acted as moderator and representatives of the County of Milwaukee, the City of Wauwatosa and the City of Milwaukee comprised the panel.

An article "The Work Of A Public Buying Committee" written by the City Purchasing Agent, appeared in the August issue of the JOURNAL OF PURCHASING, sponsored by the National Association of Purchasing Agents.

On October 25, the City Purchasing Agent addressed the Cosmopolitan Club of Milwaukee on the topic "More for the Tax Dollar".

AFFILIATIONS

City Purchasing Agent

National Institute of Governmental Purchasing

Member - Board of Directors - Former President

Chairman - Cost to Public Purchasing Agencies of Procurement Safety Procedures Committee

Member - Professional Development Committee

Member - Identical and Rigged Bids Committee

Member - Standardization Committee

Alternate Member - Oral Examining Board for Certification

Milwaukee Association of Purchasing Agents*

Chairman Publicity for Products of Industry 1968 Exhibit

Chairman - Communications Committee

Member - Public Relations Committee

Wisconsin Association of Public Purchasers

Former President

Deputy City Purchasing Agent

Milwaukee Association of Purchasing Agents*

Wisconsin Association of Public Purchasers

(*Includes membership in National Association of Purchasing Agents)

NATIONAL INSTITUTE OF GOVERNMENTAL PURCHASING CODE OF ETHICS

The Institute believes that the following ethical principles should govern the conduct of every person employed by a governmental buying agency:

(1) He does not seek or accept a position as head or employee of a governmental purchasing agency unless fully in accord with the professional principles of governmental purchasing and unless he is confident that he is qualified to serve under these principles to the advantage of the governmental jurisdiction which employ him.

(2) He believes in the dignity and worth of the service rendered by government and his own social responsibility as a trusted public servant.

(3) He is governed by the highest ideals of honor and integrity in all public and personal relationships in order that he may merit the respect and inspire the confidence of the agency and the public which he serves.

(4) He believes that personal aggrandizement or personal profit obtained through misuse of public or personal relationships is dishonest.

(5) He believes that members of the Institute and its staff should at no time, or under any circumstances, accept, directly or indirectly, gifts or other things of value from vendors.

(6) He keeps the governmental jurisdiction which employs him informed, through appropriate channels, on problems and progress of the agency which he serves, but keeps himself in the background by emphasizing the importance of the facts.

(7) He resists encroachment on his control of personnel in order to preserve his integrity as a professional administrator. He handles all personnel matters on a merit basis. Political, religious and racial considerations carry no weight in personnel administration in the agency which he directs or serves.

(8) He does not seek nor dispense personal favors. He handles each administrative problem objectively without discrimination on the basis of principle and justice.

(9) He subscribes to and supports the professional objectives of the National Institute of Governmental Purchasing.

PERSONNEL CHANGES

Paul Shaver Buyer Supervisor Buying Division	Promotion	February 20, 1967
Terry Theriault Duplicating Equipment Operator III Central Reproduction Division	Promotion	February 20, 1967
Lyman Ditson Clerk III Central Reproduction Division	Promotion	February 20, 1967
Barbara Radke Clerk Typist I Administration Division	Appointed	March 13, 1967
Edward A. Witkowski Buyer Buying Division	Appointed	March 20, 1967
Dorothy Snamiska Clerk Typist II Administration Division	Promotion	March 20, 1967
Dorothy Jarvella Clerk Typist I Administration Division	Resigned	March 31, 1967
Janet E. Blanz Clerk Stenographer I Administration Division	Appointed	June 12, 1967
Marilyn Bobinski Clerk Typist II Administration Division	Resigned	June 26, 1967
Harold Hauenstein Petroleum Station Custodian Stores Division	Transferred to Museum	October 6, 1967
Frank R. Lacey, Jr. Salvage Disposal Clerk Stores Division	Retired	October 14, 1967
Eli Seiden Salvage Disposal Clerk Stores Division	Promotion	November 27, 1967
Albert Faeth Buyer Buying Division	Retired	December 1, 1967
Patricia Swanson Clerk Stenographer II Administration Division	Promotion December 11, 1967	December 1, 1967

THANKS -

To Predecessors -

Who have established a respected Board and Department of Purchases by the sound fundamentals which they inculcated. Because of their high standards and efforts, this Municipality is recognized nationally and internationally having as exemplary purchasing organization.

To Board Members -

Who, serving in an ex-officio capacity, gave time and deliberate thought to matters before the Board and the several committees.

To the Common Council -

Who gave support for a sound public purchasing program. Two members are valued and dedicated ex-officio members of the Board - President Martin E. Schreiber and Chairman of the Finance-Printing Committee Alderman Fred F. Schallert. Alderman Schreiber served as Vice-Chairman of the Board and presided at most of the meetings.

To City Personnel -

For assistance from officials, department heads and employees when they were called upon by this department.

To Vendors -

Who, in suggesting innovations for supplies and equipment, were responsible for many improvements.

The City Attorney and Assistants -

Who most capably handled the legal aspects of our work. Their valued counsel and opinions were highly respected.

To Albert H. Hall -

Who, as Executive Vice President of the National Institute of Governmental Purchasing, together with his staff have been called on innumerable times to furnish professional information and assistance.

To Fellow Public Purchasing Agents -

Who, with their unselfish interchange of professional information, have exhibited an esteemed cooperation not practiced in private purchasing.

To the Staff -

Who were most important as a loyal and dedicated group to achieve the aims and objectives of a good public buying program and who reached these objectives with a splendid esprit de corps.

No man is an *Island*, intire of it selfe; every man
is a peece of the *Continent*, a part of the *maine*; if a
Clod bee washed away by the *Sea*, *Europe* is the lesse,
as well as if a *Promontorie* were, as well as if a *Mannor*
of thy *friends* or of *thine owne* were; any mans
death diminishes *me*, because I am in-
volved in *Mankinde*; And therefore
never send to know for
whom the *bell* tolls; It
toll for *thee*.

JOHN DONNE

* *

*

Above is the theme of Ernest Hemingway's renowned book
"For Whom the Bell Tolls" written by the Poet
John Donne three centuries ago.

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ANNUAL REPORT

CENTRAL BOARD OF PURCHASES

CITY OF MILWAUKEE, WISCONSIN

ADMINISTRATION • BUYING

INVENTORY CONTROL

MUNICIPAL WAREHOUSE

PETROLEUM PRODUCTS STORES

REPRODUCTION OF FORMS
PHOTOGRAPHIC EQUIPMENT POOL

M A I L S E R V I C E
M E S S E N G E R S E R V I C E

S A L V A G E D I S P O S A L
R E C E I V I N G S E R V I C E

1968

ANNUAL REPORT

CENTRAL BOARD OF PURCHASES

1968

CITY OF MILWAUKEE

MAYOR HENRY W. MAIER
CHAIRMAN

ALD. MARTIN E. SCHREIBER (JAN. - APR.)

JOHN E. KALUPA

ALD. ROBERT J. JENDUSA (APR. - DEC.)

VICE CHAIRMAN

ALD. FRED F. SCHALLERT

EDWIN C. WHITNEY

HERBERT A. GOETSCH

ELMER W. BECKER

BUYING

MUNICIPAL WAREHOUSE

PETROLEUM PRODUCTS STORES

INVENTORY CONTROL

RECEIVING SERVICE

REPRODUCTION OF FORMS

PHOTOGRAPHIC EQUIPMENT POOL

MAIL SERVICE

MESSANGER SERVICE

SALVAGE DISPOSAL

ANDREW L. LEHRBAUMMER, C.P.P.O.
Secretary Central Board of Purchases and City Purchasing Agent

LEON P. KLAUS
Deputy City Purchasing Agent

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FOREWORD

This is the fifty-first Annual Report issued by the Central Board of Purchases. Consecutive reports have been issued starting in 1918. This departmental report, necessarily restricted in cost, furnishes more details and statistics than appear in the official City of Milwaukee "1969 Directory and Report of City Progress in 1968", published by the Common Council and compiled and edited by the Municipal Reference Librarian. A short description of the operations of each of the approximately fifty departments, boards and commissions, including the Central Board of Purchases, appears in a section highlighting its activities.

Reports such as this are exchanged with those issued by other public buying agencies and the comparison of operations affords a wealth of information and suggestions. Wide mutual benefits are received through such interchange to gain "More Value For the Tax Dollar". Numerous requests for information on our operations are received and this report in many instances serves as a valuable reference and response for such inquiries.

Private industry looks to its purchasing operations to improve the profit picture in these competitive days. Likewise its counterpart in government seeks to get better mileage from the tax dollar as public officials become more cognizant that centralized purchasing is a tax-cutting function.

There has been an accelerating trend toward centralization among public entities. With mounting financial woes, a sound buying program helps to stretch the tax dollar. Especially since the formation of the National Institute of Governmental Purchasing in Milwaukee in 1944 has conspicuous progress been made in the sensitive administrative area of public purchasing. It is gratifying to observe that many public buying agencies throughout the United States and Canada are apparently patterned after that of the City of Milwaukee.

Through centralized purchasing, the recognized saving of fifteen per cent on total purchases of \$14,670,819 or \$2,200,623 was realized during 1968. There are also many intangible gains, such as vendor good will, which are assets to the City.

The statistical information herein is not available until after February 1. Issuance of this report is necessarily delayed until after that date, which runs into our busiest period. However, we strive to publish this report as soon as practicable.

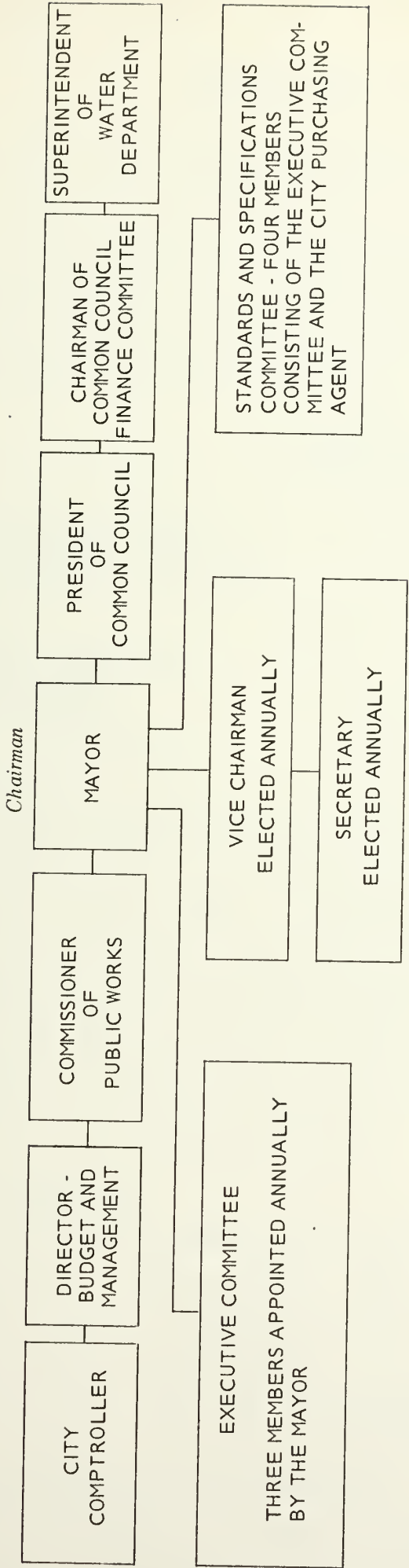
Your interest in our operations and accomplishments is appreciated.

Respectfully submitted,

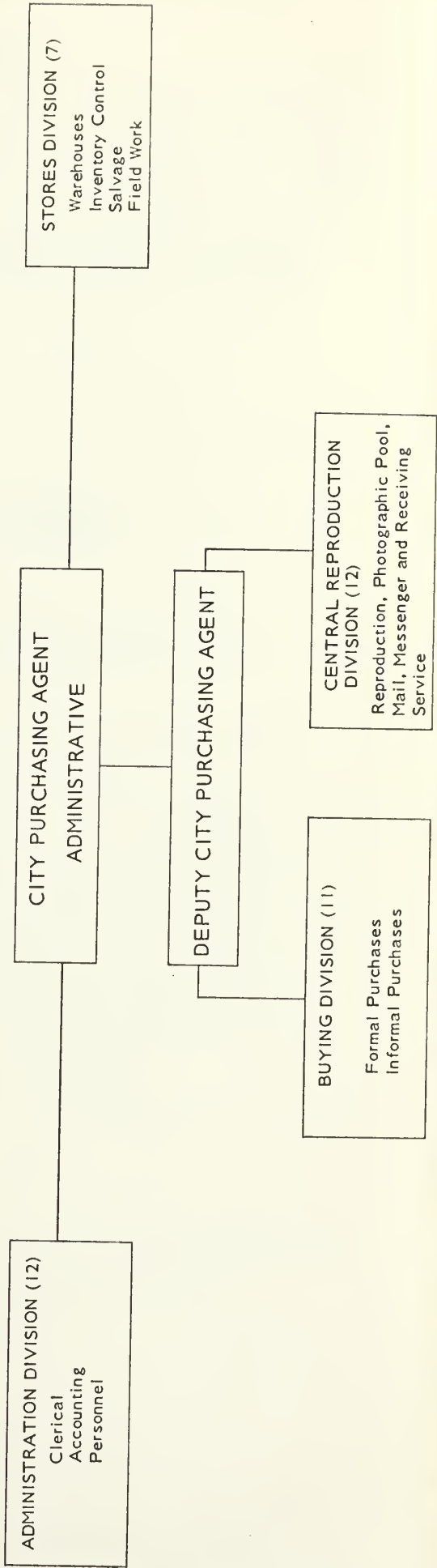
Andrew L. Lehrbaummer
*Secretary, Central Board of Purchases
and City Purchasing Agent*

ORGANIZATION CHART

CENTRAL BOARD OF PURCHASES



DEPARTMENT OF PURCHASES



CENTRAL BOARD OF PURCHASES

The Central Board of Purchases was created under Chapter 297, Laws of 1917 of the State of Wisconsin, on May 21, 1917. This was the fifty-first year that Milwaukee has operated under a central purchasing authority, establishing itself as a pioneer in this growing concept of public buying. Since its inception, it is conservatively estimated that at the generally accepted fifteen per cent saving, over \$60,000,000 in addition to intangible benefits, has been realized on purchases of materials, supplies, equipment and services for the City of Milwaukee.

The ex-officio Board members during 1968 were as follows:

Mayor
(Henry W. Maier)
Chairman

President of the Common Council
(Ald. Martin E. Schreiber - Jan. - Apr.)
(Ald. Robert J. Jendusa - Apr. - Dec.)
Vice-Chairman

City Comptroller
(John E. Kalupa)

Chairman of the Common Council
Finance-Printing Committee
(Ald. Fred F. Schallert)

Director Budget and Management
(Edwin C. Whitney)

Commissioner of Public Works
(Herbert A. Goetsch)

Superintendent of the Water Works
(Elmer W. Becker)

This Board, composed of four elected officials and three department heads, establishes policy and is authorized to purchase or to provide for the purchase of all materials, supplies and equipment for the use of all departments, boards and commissions of the City government, for which budget funds have been previously appropriated. Purchases in excess of \$5,000 require official advertising for six days and award of the contract by the Board at stated public meetings. All interested bidders are invited to attend meetings and are privileged to be heard. Purchases less than \$5,000 are handled by the staff. Most contracts include a surety as a third party to assure performance.

Authority of the Board, as delegated by State law, empowers it to call upon any officer, board or commission to assist in the purchasing function.

EXECUTIVE COMMITTEE

The Chairman annually appoints a three-man Executive Committee to function as directed by the Board and to act in emergency situations. During 1968, this Committee consisted of:

Herbert A. Goetsch – Commissioner of Public Works (Chairman)

John E. Kalupa – City Comptroller

Edwin C. Whitney – Director Budget and Management

Elmer W. Becker – Superintendent of the Water Department (alternate)

STANDARDS AND SPECIFICATIONS COMMITTEE

The Executive Committee also serves as the Standards and Specifications Committee, augmented by the City Purchasing Agent. It strives for simplification and standardization of materials,

supplies and equipment. The objective is to reduce the types and kinds of commodities allowing the competitive purchases of larger quantities, which among other advantages, commands lower prices.

The major part of the time of this Committee, however, is spent in reviewing tentative or controversial equipment specifications with prospective bidders. This review takes place before bids are requested so that an acceptable specification is employed and charges of "slanted" specifications are eliminated.

DEPARTMENT OF PURCHASES

The City Purchasing Agent is designated by the Central Board of Purchases as the administrator of the Department of Purchases. He is responsible for the purchase of all materials, supplies, equipment and minor services (less than \$1,000) for all departments, boards and commissions under the control of the Common Council with a few statutory exceptions.

The Department includes the following four divisions with a total of 42 employees. The number of employees in each division is indicated in parenthesis.

1. Buying (11)
2. Administration (12)
3. Stores (7)
4. Central Reproduction (12)

10 YEAR COMPARATIVE DOLLAR OPERATION

<u>Year</u>	<u>Total Purchases</u>	<u>On A Budget Of -</u>	<u>Cash Discounts Earned</u>
1959	\$ 10,506,388	\$ 127,755	\$ 65,385
1960	13,302,369	177,975	66,842
1961	12,277,664	161,988	72,716
1962	11,495,798	174,773	73,457
1963	12,404,750	247,293	75,614
1964	12,049,834	203,704	68,297
1965	12,210,578	213,715	76,917
1966	13,328,122	231,680	78,174
1967	13,047,000	212,535	83,790
1968	14,670,819	241,973	85,792

Some of the conspicuous variations in the annual budget appropriations were due to the addition or curtailment of functions and the required personnel.

BUYING DIVISION

Leon P. Klaus, the Deputy City Purchasing Agent is in charge of the division.

This unit includes six buyers, each of whom have an assignment of a complement of commodities. These assignments are not changed except where circumstances dictate. Accumulating buyer experience in each of the commodities reflects continuous greater savings to the City. All purchases less than \$5,000 are handled by this division, through which is processed approximately ninety-five per cent of the numerical volume or fifty per cent of the dollar volume of transactions. Written sealed bids are solicited whenever practicable and opened publicly.

Interviewing salesmen; telephoning; correspondence; preparing bids; making awards; arranging for tests, inspections and rejections, all make the day of a buyer a very busy one. Buyers are required to be college graduates.

The following comparative report of transactions depicts the continuing effort to reduce paperwork and affect multiple savings.

<u>Year</u>	<u>Number of Requisitions Received</u>	<u>Number of Purchase Orders Issued</u>	<u>Average Number of Purchase Orders per Requisition</u>
1960	14,576	19,935	1.37
1961	13,597	16,269	1.20
1962	14,447	14,484	1.00
1963	16,350	15,363	.94
1964	15,694	13,370	.86
1965	15,590	13,700	.88
1966	13,851	14,465	1.04
1967	14,902	13,539	.91
1968	14,990	13,659	.91

After a satisfying reduction in the number of purchase orders issued during 1960-1965, departments were encouraged to include more line items of commodities on a requisition, accounting for the ratio increase shown in the right hand column during 1966. The efficient ratio was continued in 1968.

Inspection and Testing

Unless we are assured that the goods delivered comply with the specification and are what we are paying for, we have not made a good purchase. Therefore, inspection and testing is considered a vital part of the buying program. Most of the tests are performed by the City Testing Laboratory. These costs are charged to us.

While each delivery is not checked, the possibility of an inspection keeps all vendors alert and exerts a conspicuous psychological effect. In the event of rejection, vendors are given one opportunity only for satisfactory replacement.

ADMINISTRATION DIVISION

This Division performs all the clerical, personnel and accounting functions in the Department. Budget preparation, Accounting, Records, Payroll, Bid preparation and Tabulation are some of the main categories. Mrs. Alice O. Last, Administrative Assistant I is in charge. Her statistical report follows:

COMPARATIVE BUSINESS TRANSACTED - 1967 and 1968

	<u>1968</u>	<u>1967</u>	<u>No. or Amt. Increased</u>	<u>No. or Amt. Decreased</u>
<u>PURCHASE ORDERS</u>				
Number issued	13,659	13,539	120	
Gross dollar value	\$5,444,634.84	\$5,402,376.38	\$42,258.46	
Total cash discounts earned	\$39,308.16	\$39,290.61	\$17.55	
Net amount expended	\$5,405,326.68	\$5,363,085.77	\$42,240.91	
<u>CONTRACTS</u>				
Number issued	159	173		14
Gross dollar value	\$4,172,668.40	\$2,778,110.38	\$1,394,558.02	
Total cash discounts earned	\$6,572.39	\$7,799.42		\$1,227.03
Net amount expended	\$4,166,096.01	\$2,770,310.96	\$1,395,785.05	
<u>MISC. PAYMENT CERTIFICATIONS</u>				
Gross dollar value	\$5,139,308.61	\$4,940,050.51	\$199,258.10	
Total cash discount earned	\$39,912.35	\$36,700.11	\$3,212.24	
Net amount expended	\$5,099,396.26	\$4,903,350.40	\$196,045.86	
<u>TOTAL EXPENDITURES</u>				
Gross dollar value	\$14,756,611.85	\$13,120,537.27	\$1,636,074.58	
Cash discounts earned	\$85,792.90	\$83,790.14	\$2,002.76	
Net amount expended	\$14,670,818.95	\$13,036,747.13	\$1,634,071.82	

TABULATING BIDS

While it is considered quite routine, the time consuming tabulation of bids is one of the most important functions in the competitive bidding system. Accuracy is an absolute necessity, as many contracts are awarded by small variations in the bids. The tabulations must be unchallengingly correct and every precaution is taken against possible errors.

At the time of the bid opening, hand written entries are made on a pre-prepared tabulation sheet. This serves as an original entry and is retained with the bid file in the event a question arises as to whether a bid was received by the opening, the prices which were read, etc. Any reference to these original tabulations after the bid opening is accompanied with an explanation that the correctness

is not vouched for until the formal tabulation is prepared.

In many bids, long lists of items are included on which a unit bid is requested. These items must be extended by multiplying the quantity by the unit price, totaling all of the items and then deducting trade-ins and cash discount. The tabulator must observe the conditions of the bid and scrutinize whether the bid conforms. Occasionally, over and above the requirements of the City, a special acceptable consideration is offered, such as a 5% additional discount if awarded all of the items on the bid. At the reading, the bids are only superficially scrutinized for compliance, as time does not permit any more. The tabulator must make a thorough review of the bid.

Depending upon the type of bid, the tabulation is prepared accordingly. For some, individual awards are specified while for others, aggregate awards. Finally, the employee rechecks the bid tabulation with another employee after which it is approved for posting and distribution.

STORES DIVISION

This division carries on all of the field work of the Department. This includes:

1. Operation of the Municipal Warehouse (Carries items of common use for all departments).
2. Operation of the Bulk Petroleum Plant (Distributes gasoline, motor oil, kerosene and lubricants to the various departments).
3. Inventory Control (Stock supervision is extended to include stores locations of other Departments for which a master inventory control is maintained).
4. Salvage Disposal (Obsolete equipment or materials from all departments are turned over to the Purchasing Department and are either transferred to other departments, traded-in or sold. These operations include scrap and junk disposal by bids, annual police auction of unclaimed articles, sale of outdated fire hose, sealed bid sales of wrecked, abandoned and tow-away cars, inventorying and disposing of furnishings in real estate acquired by the City and other related functions).
5. Partial testing, inspection and special services programs.

Municipal Warehouse disbursements were billed at \$188,907, an increase of 2% over 1967. As buyers recommend new items, they are added to stock whenever feasible. Those whose activity does not warrant further stocking, are discontinued. Using departments benefit by the ready availability of standardized, tested materials.

Petroleum products disbursements were billed at \$146,023, a decrease of 22.3% from 1967. The installation of large gasoline tanks at newly built facilities, which receive direct transport deliveries, accounts for the reduction. The City is a licensed wholesaler paying the State of Wisconsin approximately \$185,000 in taxes annually. The City is exempt from the Federal taxes on petroleum products.

Lawrence Engel, Stores Supervisor, is in charge of this division. His report follows:



MUNICIPAL WAREHOUSE

3 YEAR COMPARATIVE OPERATIONS REPORT

	<u>1968</u>	<u>1967</u>	<u>1966</u>
MUNICIPAL WAREHOUSE:			
Inventory - year end	\$151,841.48	\$143,985.44	\$139,574.23
Billing - stock issued	\$188,907.13	\$185,328.62	\$146,781.57
RECEIPTS:			
Shipments, number of	395	396	346
Items, number of	868	826	861
DELIVERIES:			
Stops, number of	767	884	1,090
Requisitions filled, number of	3,877	3,672	3,782
Items, number of	9,304	8,732	9,088
PETROLEUM STORES:			
Inventory - year end	\$22,440.28	\$21,466.19	\$10,997.66
State Gasoline Tax	<u>\$8,750.00</u>	<u>\$7,420.00</u>	<u>\$4,858.00</u>
Total Inventory	\$31,190.28	\$28,886.19	\$15,855.66
BILLING-STOCK ISSUED:			
Petroleum Products	\$104,930.08	\$134,684.80	\$114,909.58
State Gasoline Tax	<u>\$41,093.57</u>	<u>\$53,313.54</u>	<u>\$42,143.77</u>
Total Billings	\$146,023.65	\$187,998.34	\$157,053.35
RECEIPTS:			
Shipments, number of	92	111	80
Items, number of	92	111	80
DELIVERIES:			
Stops, number of	1,326	1,353	1,209
Delivery Tickets	1,347	1,405	1,311
Items, number of	2,155	2,416	2,174
EMERGENCY STATIONERY STORES:			
Inventory - year end	\$312.76	\$351.33	\$376.47
Billings	\$27.12	\$24.32	\$128.59
TOTALS FOR STORES DIVISION			
Inventory - year end	\$183,344.52	\$173,222.96	\$155,806.36
Billings	\$334,957.90	\$373,341.23	\$303,963.81
RECEIPTS - TOTALS			
Shipments	487	507	426
Items	960	937	941
DELIVERIES - TOTALS			
Stops	2,093	2,237	2,299
Delivery Tickets	5,224	5,077	5,093
Items	11,459	11,148	11,148

MUNICIPAL WAREHOUSE SALES TO OTHER PUBLIC AGENCIES IN MILWAUKEE COUNTY

A Common Council resolution passed in April 1966 allowed other public buying agencies (of which there are approximately 30) in Milwaukee County to make withdrawals from the Municipal Warehouse. Invitations to participate were sent to all.

Four government agencies availed themselves of this offer. Billing for these materials amounted to \$2,718.05.

3 YEAR COMPARATIVE SALVAGE DISPOSAL REPORT

	<u>1968</u>	<u>1967</u>	<u>1966</u>
Receipts from sale of scrap and junk	\$37,765.40	\$54,278.05	\$26,077.50
Receipts from sale of used police vehicles	\$11,668.51 (33)	\$13,965.67	\$20,881.46
Receipts from sale of departmental cars	\$1,629.83 (12)		
Receipts from sale of abandoned and wrecked cars	\$22,959.64 (847)	\$21,092.34 (647)	\$18,451.97 (683)
Receipts from auction of departmental cars			
Police -	\$10,930.00 (20)		
Dept. -	<u>\$9,020.00 (38)</u>		
Total	\$19,950.00		
Receipts from police auction	\$4,463.70	\$3,964.55	\$3,770.85
Receipts from sale of old equipment - Miscellaneous	\$2,157.74	\$7,407.67	\$14,248.76
Total Receipts	\$100,594.82	\$100,708.28	\$83,430.54

(Other usable equipment and supplies were transferred to various City Departments at no charge)

Comments

The sale of wrecked and abandoned cars continues to increase. The required storage space, while the title search is conducted during the thirty day retention period, is a constant problem. Disposal of these unclaimed automobiles is a very costly operation for the City, especially on abandoned cars, which are towed by the Department of Public Works, investigated for title and lien clearance by the Police and sold via sealed bids by the Purchasing Department. These costs are conservatively estimated at \$100 per car while the receipts for the sale average \$15-20. These are sold only to used parts dealers. The market on this scrap has been low as the supply of new cars is increasing each year while the demand for scrap has lessened since the steel mills have altered their processes of production.

New methods have recently been introduced for the complete disintegration of old automobiles. This should aid in the national beautification program and hasten earlier disposal legislation and also alleviate the burden placed on the City in disposing of these "junkers".

CENTRAL REPRODUCTION DIVISION

The report of M. Norbert Weber, Duplicating Services Supervisor, is as follows:-

This Division produces duplicating work for all of the departments, boards and commissions with a few exceptions because of the confidential nature of the work. Processes used are offset duplicating, electrostatic duplication, spirit duplicating, and Photo-direct plate making. Plates or original composition are kept on file for future use. Costs of this production are billed to the respective departments and payments of these charges offset the expenditures made from a rotary account.

It also maintains a photographic equipment pool from which all departments obtain the proper photographic, visual aid, audio and other similar equipment, which they require for a specific application. Incoming and outgoing U. S. mail and messenger service to all departments is also performed. Three messenger trips are made to all departments each day in the City Hall and Municipal Building. It also maintains the Receiving Division and is responsible for all merchandise received at the loading dock and the forwarding thereof to the requisitioning department in the City Hall or Municipal Building. The City Hall Emergency Stationery Store is manned by this personnel.

A report of comparative billings to the various departments over the last five years follows. The constantly increasing work-load, the increase in copy service and the increase in postage are conspicuous.

	<u>1968</u>	<u>1967</u>	<u>1966</u>	<u>1965</u>	<u>1964</u>
Offset Reproduction	\$ 53,426.58	\$ 46,248.15	\$ 49,813.12	\$ 47,387.45	\$ 47,854.61
Electrostatic, Mimeographing and Spirit Duplication	57,292.70	52,461.06	37,541.18	27,903.44	25,008.09
Copy Service	28,377.25	27,072.34	19,709.40	13,930.92	11,527.08
Photographic	7,729.17	6,931.61	6,296.62	4,947.09	3,975.49
Postage (Mail Room)	100,480.06	78,642.71	75,707.59	71,331.69	68,546.09
Total	\$247,305.76	\$211,355.87	\$189,067.91	\$165,500.59	\$156,911.36

The year 1968 continued a general increase of work in the Division. The total billing for the work performed during the year amounted to \$146,825 compared to \$132,713 in 1967, an increase of 10%. Postage is not included in this figure.

Electrostatic Duplicating

In 1968, 48,343 Electrostatic masters were run with a total of 3,153,564 impressions.

Copy Service

There was an approximate increase of 7.5% over 1967 and almost 108% over 1965 in the use of

copying equipment by all of the City Departments.

In 1968	438,497 copies made.
In 1967	407,180 copies made.
In 1966	280,190 copies made.
In 1965	203,008 copies made.

Mail Service

The postal charges to the respective departments for 1968 amounted to \$100,480.06, an increase of \$21,837.35 or 21.5% over 1967. This signifies an average monthly postage bill of \$8,373.34 for the City. A general increase in rates went into effect in 1968. The number of pieces of outgoing U. S. mail processed in 1968 was 1,407,820.

In 1968, the envelope inserting machine stuffed 302,670 envelopes compared to 288,706 in 1967.

City Hall Stationery Store

In 1961, provisions were made to dispense small storehouse items on an emergency basis. Thirteen orders were processed in 1968 or an average of one per month. The small use of this facility speaks well for the foresight employed in requisitioning stationery items in the regular procedure.

Receiving Dock

In 1968, 4,585 orders were received and processed at the loading dock.

Conclusion

It is interesting to note that the Central Reproduction Division has been entirely self-sustaining since its inception in 1949, having received no budget appropriations except for the purchase of new equipment. The U. S. mail and messenger service, handled since 1960, is operated under budget appropriations.

I would like to take this opportunity to express my gratitude and thanks to the employees of this division without whose loyal support and cooperation this favorable report would not be possible.

DID YOU KNOW THAT.

. flashlight batteries are purchased on an annual blanket contract? Samples submitted by the bidders are tested to relate their life to the bid price for determination of the cost of one hundred hours of operation.

. the flags at the top of the City Hall measure 10' x 19'? These constantly encounter stiff breezes and the added ingredients of dampness and below freezing temperatures do not add to their length of service. Prices run between \$25 and \$30.

. a wild lumber market was encountered at the end of 1968? On many items an increase of approximately 40% from the first to the last of the year was experienced. Especially plywood products ran into a shortage which resulted in higher prices. Abnormal weather, together with an increase in log exports was responsible. High prices paid by foreign customers resulted in panic buying to beat legislation banning exports of logs from Federal land. In 1967, plywood demands receded because of a reduced demand for homes and some mills were forced to close. Notwithstanding the reopening of some of these mills, the plywood prices, especially, are unusually high and the shortage persists.

. on substantial contracts for castings, inspectors are on the scene to supervise the pouring and take test bars? These bars are later broken in the laboratory for determination of strength and other requisites.

. on large quantities of paint, City inspectors view the batching process to determine that the proper ingredients and quantities as stated in the specification are included?

. in purchasing business machines such as typewriters, adding machines and calculators, bids are requested once a year? After this, a mass demonstration is held with each of the bidders having an "exhibit space". The requisitioning personnel are given a tabulation of the lowest to the highest bids for their requirements and after these demonstrations, justify the lowest price machine to serve their requirements by a written recommendation.

. a waste product of the paper making industry, sulphite liquor, is purchased on an annual contract? The vendor is required to furnish and apply this liquid where directed on outlying gravel roads. This is a temporary binder and dust suppressive.

. many items are sold, which after use by the City, have a salvage value? Empty cartridge cases, derived from target practice by the Police Department, are in constant demand by firms which reload and resell them. In 1968, 380,000 were sold at \$10.00/M on a bid, which drew seven replies ranging from \$3.95 to \$10.00.

X-Ray films are sold for the recovery of the silver nitrate which they contain. In 1968, 2,000 pounds were sold at 25½¢ per pound, the highest bid of seven, which ranged down to 12¢.

With the accelerating use of tabulating cards, more of these are being sold each year. These are segregated from any other paper which is sold, as it is a very high quality. A three month agreement for disposal of these cards, entered into after bids are requested, brought a price of approximately \$50 per ton.

A welcome addition to the list of commodities, which bring a return to the City, are elm logs. In 1968, for the first time an agreement was entered into with a firm, which ships these logs to Holland. This is so appropriate as most of them were felled by the Dutch Elm disease. Only logs with a minimum 12" top are included. For 8' lengths, the City receives one dollar each and for over 8' lengths, two dollars each. In addition, the handling and subsequent reduction is eliminated. The firm picks up these logs at the site at which they are felled.

WORTHY OF NOTE

Northwest Health Center

Late in 1968, the Northwest Health Center at North 76th and West Mill Road was completed. Office furnishings, furniture for the public areas and technical equipment was purchased on competitive bids and because of an earlier building completion than contemplated, much expediting was necessary to have the Center ready for the dedication.

Lead Time Reports

Several times during the year, the various departments were given reports on the wait, which they could expect, when ordering commodities in quantity. This was intended to provide for better planning and the reduction of "rush" orders.

Police Auction

The annual police auction was held on June 29 in a constant heavy rain. Notwithstanding this inconvenience many people attended and accounted for the largest return ever to the City on such a sale - \$4,463.70.

Employment of Youth

During the school vacation period a young man was employed for twelve weeks under the "Learning By Doing" program. Assigned to one of the buyers, he was indoctrinated into some of the fundamentals of public buying.

Abandoned Car Disposal Speed-up

With a mounting number of abandoned cars each year, storage space is at a premium. The firms which towed and stored these cars (one on the north side and the other on the south side of the City) complained several times during the year that their facilities were completely taxed and they had to lease additional space. The requirement to hold these for thirty days, while a title and lien search is conducted by the Police Department, was responsible. A procedure was affected whereby these firms would report the cars on hand for fifteen days, which allowed the police investigation and the selling process to run concurrently so that after the required thirty day holding period, the cars could be disposed of immediately. Legislative changes are necessary and are being instituted in 1969 to alleviate this situation.

Selling Cars by Auction

During 1968, the first attempt to sell passenger cars at an auction instead of sealed bid was a success. This is based on the comparative results which follow:

In January, 1966, we purchased 93 compact cars at \$1,476 each and had a like number of trade-ins which were six to eight years old and on which we received \$25 and \$30.

Comparatively in April of this year, we purchased 76 compacts without any trade-in at \$1,457. This price without trade-ins was lower than the 1966 purchase, notwithstanding that there were two annual model increases. This leads to the assumption that the bidders quote less when there are no trade-ins involved.

We sold forty of the above used cars recently, which were six to eight years old, by sealed bid and averaged \$101 per car.

We sold 38 of the used cars by auction and averaged \$248 each. From these receipts, however, we had to deduct the auctioneer's fee, advertising and incidental expenses amounting to \$1,065.31.

Also included in the auction sale and the expenses of it were twenty police cars, on which we averaged \$525, compared to an earlier sale by sealed bid this year for 31 police cars of like condition, which we sold and averaged \$367 each.

A study which we conducted about eight or ten years ago on police cars showed that we had a lower acquisition cost when no trade-ins were involved.

Activities of the City Purchasing Agent

On March 12, he addressed the Rock River Valley Association of the National Association of Purchasing Agents in Rockford, Illinois, on the differences between private and public buying.

On May 1, he appeared on a panel at the Kenosha Institute of Technology, Kenosha, Wisconsin, on "Purchasing as a Career".

On May 10, he spoke to a Mayor's Seminar at Indiana University - Kokomo Campus on "The Advantages of Centralized Purchasing".

At the annual conference of the National Institute of Governmental Purchasing in September in Chicago, he appeared on a panel for exhibitors on "How to Sell Governmental Agencies".

On October 26, he was appointed to a sixteen man National Advisory Panel to study purchasing and supply problems of governmental units. The appointment was made by

Lawson B. Knott, Jr., Federal Administrator of General Services Administration. The panel is to study problems dealing with bidding, specifications, contracting, price determinations and quality standards and held their first meeting in Washington, D.C. on December 6.

AFFILIATIONS

City Purchasing Agent

National Institute of Governmental Purchasing

Member - Board of Directors - Former President

Chairman - Cost to Public Purchasing Agencies of Procurement Safety Procedures Committee

Member - Professional Development Committee

Member - Identical and Rigged Bids Committee

Member - Standardization Committee

Alternate Member - Oral Examining Board for Certification

Milwaukee Association of Purchasing Agents*

Chairman Publicity for Products of Industry 1968 Exhibit

Chairman - Communications Committee

Member - Public Relations Committee

Wisconsin Association of Public Purchasers

Former President

Deputy City Purchasing Agent

Milwaukee Association of Purchasing Agents*

Wisconsin Association of Public Purchasers

(*Includes membership in National Association of Purchasing Agents)

NATIONAL INSTITUTE OF GOVERNMENTAL PURCHASING CODE OF ETHICS

The Institute believes that the following ethical principles should govern the conduct of every person employed by a governmental buying agency:

(1) He does not seek or accept a position as head or employee of a governmental purchasing agency unless fully in accord with the professional principles of governmental purchasing and unless he is confident that he is qualified to serve under these principles to the advantage of the governmental jurisdiction which employ him.

(2) He believes in the dignity and worth of the service rendered by government and his own social responsibility as a trusted public servant.

(3) He is governed by the highest ideals of honor and integrity in all public and personal relationships in order that he may merit the respect and inspire the confidence of the agency and the public which he serves.

(4) He believes that personal aggrandizement or personal profit obtained through misuse of public or personal relationships is dishonest.

(5) He believes that members of the Institute and its staff should at no time, or under any circumstances, accept, directly or indirectly, gifts or other things of value from vendors.

(6) He keeps the governmental jurisdiction which employs him informed, through appropriate channels, on problems and progress of the agency which he serves, but keeps himself in the background by emphasizing the importance of the facts.

(7) He resists encroachment on his control of personnel in order to preserve his integrity as a professional administrator. He handles all personnel matters on a merit basis. Political, religious and racial considerations carry no weight in personnel administration in the agency which he directs or serves.

(8) He does not seek nor dispense personal favors. He handles each administrative problem objectively without discrimination on the basis of principle and justice.

(9) He subscribes to and supports the professional objectives of the National Institute of Governmental Purchasing.

PERSONNEL CHANGES

Alan Fahrenberg Clerk II Central Reproduction Division	Appointed	January 2, 1968
Robert Korek Truck Driver Stores Division	Appointed	January 15, 1968
Dale Irish Buyer Buying Division	Appointed	February 26, 1968
Mrs. Barbara Pecha Clerk Typist II Administration Division	Leave of Absence Resigned	June 3, 1968 September 18, 1968
Kathleen Wolter Clerk Typist I Administration Division	Appointed Resigned	June 10, 1968 November 23, 1968
Howard Lerner Stores Clerk I Stores Division	Appointed Resigned	June 24, 1968 September 13, 1968
Lyman Ditson Clerk II Central Reproduction Division	Resigned	August 30, 1968
Arthur Hunkel Stores Supervisor Stores Division	Retired on Pension	September 1, 1968
Lawrence Engel Stores Supervisor Stores Division	Promotion	September 2, 1968
Frank Griffin Stores Clerk I Stores Division	Appointed	October 22, 1968
Thomas Glubka Messenger Central Reproduction Division	Leave of Absence	October 27, 1968
Mrs. Sherry Alexander Messenger Central Reproduction Division	Appointed	November 18, 1968

THANKS -

To Predecessors -

Who have established a respected Board and Department of Purchases by the sound fundamentals which they inculcated. Because of their high standards and efforts, this Municipality is recognized nationally and internationally as having an exemplary purchasing organization.

To Board Members -

Who, serving in an ex-officio capacity, gave time and deliberate thought to matters before the Board and the several committees.

To the Common Council -

Who gave support for a sound public purchasing program. Three members are valued and dedicated ex-officio members of the Board - Presidents Martin E. Schreiber (Jan. - Apr.) and Robert J. Jendusa (Apr. - Dec.) and Chairman of the Finance - Printing Committee Alderman Fred F. Schallert. Aldermen Schreiber and Jendusa served as Vice-Chairman of the Board and presided at most of the meetings.

To City Personnel -

For assistance from officials, department heads and employees when they were called upon by this department.

To Vendors -

Who, in suggesting innovations for supplies and equipment, were responsible for many improvements.

To the City Attorney and Assistants -

Who most capably handled the legal aspects of our work. Their valued counsel and opinions were highly respected.

To Albert H. Hall -

Who, as Executive Vice President of the National Institute of Governmental Purchasing, together with his staff have been called on innumerable times to furnish professional information and assistance.

To Fellow Public Purchasing Agents -

Who, with their unselfish interchange of professional information, have exhibited an esteemed cooperation not practiced in private purchasing.

To the Staff -

Who were most important as a loyal and dedicated group to achieve the aims and objectives of a good public buying program and who reached these objectives with a splendid esprit de corps.

National Institute of Governmental Purchasing, Inc.

Founded in 1944

A non-profit educational and technical organization of governmental buying agencies of the United States, Canada and Puerto Rico, chartered under the laws of the State of Wisconsin.

Affiliated with

Institute of Purchasing & Supply of Great Britain
and
International Federation of Purchasing (Charter Member)

Its Goals and Objectives

- To study, discuss and recommend improvements in governmental purchasing.
- To interchange ideas, experiences and expertise on local, state, and national governmental purchasing problems.
- To collect and distribute to governmental purchasing officials information on the organization and administration of governmental buying.
- To develop and promote precise standards and specifications for governmental buying.
- To promote effective public purchasing structures and uniform purchasing laws and procedures.
- To promote and foster the professional competence and stature of all persons engaged in governmental buying.
- To set an academic and professional standard for all such persons and to award diplomas, certificates and distinctions to any such persons after examination or otherwise.
- To achieve recognition of the place of purchasing in the governmental structure with emphasis on cabinet or top-management status for the public purchasing official.
- To work for or against proposals affecting the role of governmental buying agencies.
- To acquaint taxpayers with governmental buying problems in order to foster interest in public affairs and cooperation between governmental buyers and those they serve.

THE LARGEST ORGANIZATION DEVOTED EXCLUSIVELY TO PUBLIC PURCHASING

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ANNUAL REPORT

CENTRAL BOARD OF PURCHASES

CITY OF MILWAUKEE, WISCONSIN

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INVENTORY CONTROL

MUNICIPAL WAREHOUSE

PETROLEUM PRODUCTS STORES

REPRODUCTION OF FORMS
PHOTOGRAPHIC EQUIPMENT POOL

MAIL SERVICE
MESSENGER SERVICE

SALVAGE DISPOSAL
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1969



ANNUAL REPORT

CENTRAL BOARD OF PURCHASES

1969

CITY OF MILWAUKEE

MAYOR HENRY W. MAIER

CHAIRMAN

ALD. ROBERT J. JENDUSA, SR.

VICE CHAIRMAN

PRESIDENT OF COMMON COUNCIL

JOHN E. KALUPA

CITY COMPTROLLER

ALD. FRED F. SCHALLERT

*CHAIRMAN COMMON COUNCIL FINANCE-
PRINTING COMMITTEE*

EDWIN C. WHITNEY

DIRECTOR BUDGET AND MANAGEMENT

HERBERT A. GOETSCH

COMMISSIONER OF PUBLIC WORKS

ELMER W. BECKER

SUPERINTENDENT MILWAUKEE WATER WORKS

BUYING

MUNICIPAL WAREHOUSE

PETROLEUM PRODUCTS STORES

INVENTORY CONTROL

RECEIVING SERVICE

REPRODUCTION OF FORMS

PHOTOGRAPHIC EQUIPMENT POOL

MAIL SERVICE

MESSENGER SERVICE

SALVAGE DISPOSAL

ANDREW L. LEHRBAUMMER, C.P.P.O.

Secretary Central Board of Purchases and City Purchasing Agent

LEON P. KLAUS

Deputy City Purchasing Agent

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FOREWORD

This is the fifty-second consecutive Annual Report issued by the Central Board of Purchases. It is compiled and published to report to all authorities on the activities during 1969. The last in a long series of such reports, it has significant value as one of the reference links. Necessarily restricted in cost, it furnishes more details and statistics than appear in the official City of Milwaukee "1970 Directory and Report of City Progress in 1969", published by the Common Council, which has only a short description of the operations of each of the approximately fifty departments, boards and commissions. The Central Board of Purchases appears in a section highlighting its activities.

Departmental reports, such as this, are exchanged with those issued by other public buying agencies and the comparison of operations affords a wealth of information and suggestions. Wide mutual benefits are received through such interchange to gain "More Value For the Tax Dollar". Numerous requests for information on our operations are received and this report in many instances serves as a valuable reference and response for such inquiries.

Private industry depends upon its purchasing operations to improve the profit picture. Likewise its counterpart in government seeks to get better mileage from the tax dollar as public officials become more cognizant that centralized purchasing is a tax-cutting function.

There has been an accelerating trend toward centralization of Purchasing among public entities, especially since the formation of the National Institute of Governmental Purchasing, in Milwaukee in 1944. Also cooperative buying programs among several entities are gaining in prominence.

Through centralized purchasing, the recognized saving of fifteen per cent on total purchases of \$16,749,124 or \$2,512,368 was realized during 1969. In addition there are many intangible gains, such as vendor good will created by lesser sales calls, no multiple accounts receivable, indefinite contacts, etc. These are assets to the City.

The statistical information herein is not available until after February 1. Issuance of this report is necessarily delayed until after that date, which is then our busiest season. However, we strive to circulate it as soon as practicable.

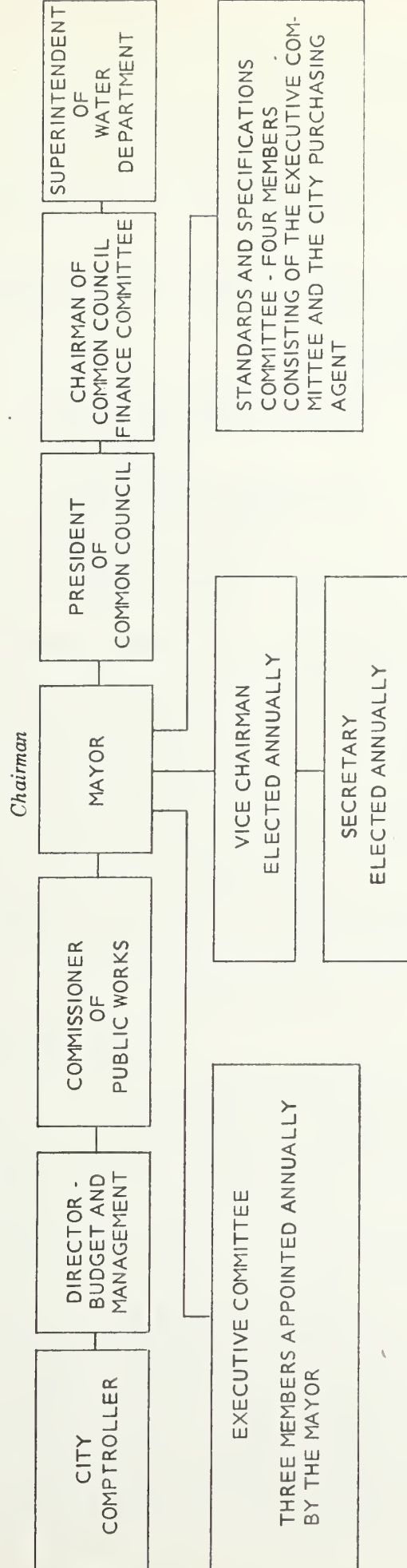
Your interest in our operations and accomplishments is appreciated.

Respectfully submitted,

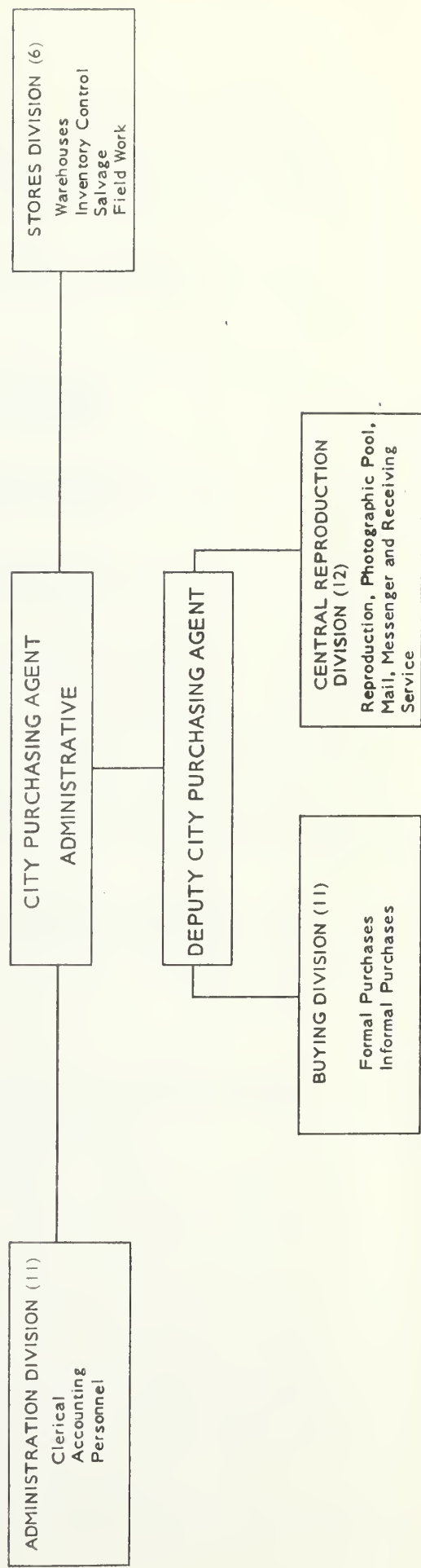
Andrew L. Lehrbaummer
*Secretary, Central Board of Purchases
and City Purchasing Agent*

ORGANIZATION CHART

CENTRAL BOARD OF PURCHASES



DEPARTMENT OF PURCHASES



CENTRAL BOARD OF PURCHASES

The Central Board of Purchases was created under Chapter 297, Laws of 1917 of the State of Wisconsin, on May 21, 1917. Then 1969 was the fifty-second year that Milwaukee has operated under a central purchasing authority, establishing itself as a pioneer in this accepted concept of efficient public buying.

The Board members serving in an ex-officio capacity during 1969 were as follows:

Mayor
(Henry W. Maier)
Chairman

President of the Common Council
(Ald. Robert J. Jendusa, Sr.)
Vice-Chairman

City Comptroller
(John E. Kalupa)

Chairman of the Common Council
Finance-Printing Committee
(Ald. Fred F. Schallert)

Director Budget and Management
(Edwin C. Whitney)

Commissioner of Public Works
(Herbert A. Goetsch)

Superintendent of the Water Works
(Elmer W. Becker)

This Board, composed of four elected officials and three department heads, establishes policy and is authorized to purchase or to provide for the purchase of all materials, supplies and equipment for the use of all departments, boards and commissions of the City government, for which budget funds have been previously appropriated. Purchases in excess of \$5,000 require official advertising for six days and award of the contract by the Board at stated public meetings. All interested parties are invited to attend meetings and are privileged to be heard. Purchases less than \$5,000 are handled by the staff. Most contracts include a surety as a third party to assure performance.

Authority of the Board, as delegated by State law, empowers it to call upon any officer, board or commission to assist in the purchasing function. It has two standing committees - an Executive Committee and a Standards and Specifications Committee.

EXECUTIVE COMMITTEE

The Chairman annually appoints a three-man Executive Committee to function as directed by the Board and to act in emergency situations. During 1969, this Committee consisted of:

Herbert A. Goetsch - Commissioner of Public Works (Chairman)

John E. Kalupa - City Comptroller

Edwin C. Whitney - Director Budget and Management

Elmer W. Becker - Superintendent of the Water Works (alternate)

STANDARDS AND SPECIFICATIONS COMMITTEE

The Executive Committee also serves as the Standards and Specifications Committee, augmented by the City Purchasing Agent. It strives for simplification and standardization of materials, supplies and equipment. The objective is to reduce the types and kinds of commodities to allow the competitive purchases of larger quantities, which among other advantages, commands lower prices.

The major part of the time of this Committee, nowever, is spent in reviewing tentative or controversial

equipment specifications at public meetings with prospective bidders and the requisitioning department. This review takes place before bids are requested so that an acceptable specification is employed and charges of "slanted" specifications are eliminated.

DEPARTMENT OF PURCHASES

The City Purchasing Agent is designated by the Central Board of Purchases as the administrator of the Department of Purchases. He is responsible for the purchase of all materials, supplies, equipment and minor services (less than \$1,000) for all departments, boards and commissions under the control of the Common Council with a few statutory exceptions.

The Department includes the following four divisions with a total of 40 employees. The number of each division is indicated in parenthesis.

1. Administration (11)
2. Buying (11)
3. Central Reproduction (12)
4. Stores (6)

10 YEAR COMPARATIVE DOLLAR OPERATION

<u>Year</u>	<u>Total Purchases</u>	<u>On A Budget Of -</u>	<u>Cash Discounts Earned</u>
1960	\$ 13,302,369	\$ 177,975	\$ 66,842
1961	12,277,664	161,988	72,716
1962	11,495,798	174,773	73,457
1963	12,404,750	247,293	75,614
1964	12,049,834	203,704	68,297
1965	12,210,578	213,715	76,917
1966	13,328,122	231,680	78,174
1967	13,047,000	212,535	83,790
1968	14,670,819	241,973	85,792
1969	16,749,124	265,503	83,622

Some of the conspicuous variations in the annual budget appropriations were due to the addition or curtailment of functions and the required personnel. Also the increasing amount of purchases can be partially attributed to price increases.

ADMINISTRATION DIVISION

This Division performs all the clerical, personnel and accounting functions in the Department. Budget preparation, Accounting, Records, Payroll, Bid preparation and tabulation are some of the main categories. Mrs. Alice M. Last, Administrative Assistant I is in charge. Her statistical report follows:

COMPARATIVE BUSINESS TRANSACTED - 1969 and 1968

	<u>1969</u>	<u>1968</u>	<u>No. or Amt. Increased</u>	<u>No. or Amt. Decreased</u>
<u>PURCHASE ORDERS</u>				
Number issued	12,923	13,659		736
Gross dollar amount	\$6,045,623.98	\$5,444,634.84	\$600,989.14	
Total cash discounts earned	34,055.13	39,308.16		5,253.03
Net amount expended	6,011,568.85	5,405,326.68	606,242.17	

CONTRACTS

Number issued	145	159		14
Gross dollar amount	3,169,142.35	4,172,668.40		1,003,526.05
Total cash discounts earned	6,681.57	6,572.39	109.18	
Net amount expended	3,162,460.78	4,166,096.01		1,003,635.23

MISC. PAYMENT CERTIFICATIONS

Gross dollar amount	7,617,979.98	5,139,308.61	2,478,671.37	
Total cash discount earned	42,885.50	39,912.35	2,973.15	
Net amount expended	7,575,094.48	5,099,396.26	2,475,698.22	

TOTAL EXPENDITURES

Gross dollar amount	16,832,746.31	14,756,611.85	2,076,134.46	
Cash discounts earned	83,622.20	85,792.90		2,170.70
Net amount expended	16,749,124.11	14,670,818.95	2,078,305.16	

BIDDER'S LISTS

The names of vendors interested in bidding to the City of Milwaukee are kept in categories corresponding to the commodity code. Additions, deletions, changes of address, etc. are continuous to keep the records current. Notification to add names to the list is initiated by the buyer, after interview or approval of a pre-qualification form executed by a prospective bidder.

Promiscuous circulations requesting to be placed on the list of bidders are constantly being received and ignored. Only responsible written or verbal requests to be added to the list are respected.

Bids are sent to all bidders listed each time the respective commodity is purchased. To assure keeping the lists current, each several years the buyer includes in the request for bids a statement that if the vendor does not submit a bid or a request to be retained on the list, their name will be deleted. This is necessary to assure sustained interest and to keep the lists up to date.

BUYING DIVISION

Leon P. Klaus, the Deputy City Purchasing Agent is in charge of the division.

Interviewing salesmen, preparing bids and making awards keep the six buyers busy. Each of them has an assignment of items, which understandably covers a tremendously wide variety of commodities because of the wide scope of City operations. Purchases which exceed \$5,000 are required to be advertised for six days, bids are opened formally at a pre-stated time and awarded by the Board. Bids of lesser amounts are handled by the staff and are taken whenever it is practicable to do so. These are also opened at a pre-stated time.

The vendors were anxious to be paid as soon as possible and outstanding accounts were scrutinized very closely by them. This concentration was attributed to the high cost of money (9-9½%) on which they were operating. Some of the vendors, who for many years had offered a cash discount, were selling on a net basis. This is the reason cash discounts declined in 1969.

There were no shortages of any materials or equipment which impaired the City's operation. The greatest concern was over spiralling prices. Increases over previous years of 10% were very common and other experiences went to 30%. During the last half of the year, a pronounced interest in City business was shown by suppliers. This is a good barometer and indicates a decline in general business activities.

The following comparative report of transactions depicts the continuing effort to reduce paperwork and affect multiple savings.

<u>Year</u>	<u>Number of Requisitions Received</u>	<u>Number of Purchase Orders Issued</u>	<u>Average Number of Purchase Orders per Requisition</u>
1960	14,576	19,935	1.37
1961	13,597	16,269	1.20
1962	14,447	14,484	1.00
1963	16,350	15,363	.94
1964	15,694	13,370	.86
1965	15,590	13,700	.88
1966	13,851	14,465	1.04
1967	14,902	13,539	.91
1968	14,990	13,659	.91
1969	14,194	12,923	.91

This significant reduction in purchase orders issued over ten years, when dollar volume of purchases was increasing, is most satisfying. Each purchase order requires several subsequent documents so the reduction in paperwork and personnel time, while not calculated, is conspicuous.

Inspection and Testing

Unless we are assured that the goods delivered comply with the specification and are what we are paying for, we have not made a good purchase. Therefore, inspection and testing is considered a vital part of the buying program. Most of the tests are performed by the City Testing Laboratory. These costs are charged to us.

While each delivery is not checked, the possibility of an inspection keeps all vendors alert and exerts a conspicuous psychological effect. In the event of rejection, vendors are given one opportunity only for satisfactory replacement.

CENTRAL REPRODUCTION DIVISION

The report of M. Norbert Weber, Duplicating Services Supervisor, is as follows:-

This Division produces duplicating work for all of the departments, boards and commissions with a few exceptions because of the confidential nature of the work. Processes used are offset duplicating, electrostatic duplication, spirit duplicating, and photo-direct plate making. Plates or original composition are kept on file for future use. Costs of this production are billed to the respective departments and payments of these charges offset the expenditures made from a rotary account.

It also maintains a photographic equipment pool from which all departments obtain the proper photographic, visual aid, audio and other similar equipment, which they require for a specific application. Incoming and outgoing U.S. mail and messenger service to all departments is also performed. Three messenger trips are made to all departments each day in the City Hall and Municipal Building. It also maintains the Receiving Department and is responsible for all merchandise received at the loading dock and the forwarding thereof to the requisitioning department in the City Hall or Municipal Building. The City Hall Emergency Stationery Store is manned by this personnel (closed 12/21/69).

A report of comparative billings to the various departments over the last five years follows. The constantly increasing work-load, the increase in copy service and the increase in postage are conspicuous.

	<u>1969</u>	<u>1968</u>	<u>1967</u>	<u>1966</u>	<u>1965</u>
Offset Reproduction	\$ 32,291.31	\$ 53,426.58	\$ 46,248.15	\$ 49,813.12	\$ 47,387.45
Electrostatic, Mimeographing and Spirit Duplication	67,397.25	57,292.70	52,461.06	37,541.18	27,903.44
Copy Service	36,054.79	28,377.25	27,072.34	19,709.40	13,930.92
Photographic	9,626.22	7,729.17	6,931.61	6,296.62	4,947.09
Postage (Mail Room)	105,718.75	100,480.06	78,642.71	75,707.59	71,331.69
Total	\$ 251,088.32	\$ 247,305.76	\$ 211,355.87	\$ 189,067.91	\$ 165,500.59

The year 1969, excluding postage, showed a decrease in the Division. The total billing for the work performed during the year amounted to \$145,369.57 compared to \$146,825.70 in 1968, a decrease of 1%. Two of the three duplicating equipment operator positions were vacant during the first six months of 1969. During this period it was necessary to send the work to outside vendors. The loss of these jobs by the Central Reproduction Division caused the decrease in revenue.

Electrostatic Duplicating

In 1969, 49,673 electrostatic masters were run with a total of 3,229,209 impressions compared to 48,343 masters with 3,153,564 impressions in 1968.

Copy Service

There was an approximate increase of 44% over 1968 and almost 211% over 1965 in the use of copying

equipment by all of the City Departments.

In 1969 631,155 copies made.
In 1968 438,497 copies made.
In 1967 407,180 copies made.
In 1966 280,190 copies made.
In 1965 203,008 copies made.

Mail Service

The postal charges to the respective departments for 1969 amounted to \$ 105,718.75, an increase of \$ 5,238.69 or slightly more than 5% over 1968. This signifies an average monthly postage bill of \$ 8,809.90 for the City. The number of pieces of outgoing U.S. mail processed in 1969 was 1,392,065.

In 1969, the envelope inserting machine stuffed 405,228 envelopes compared to 302,670 in 1968. This increase was largely due to the inserting and mailing of Property Reassessment Notices.

City Hall Stationery Store

In 1961, provisions were made to dispense small storehouse items on an emergency basis. Four orders were processed in 1969. The small use of this facility speaks well for the foresight employed in requisitioning stationery items in the regular procedure. As a consequence because of the low patronage, this facility was discontinued on December 21.

Receiving Dock

In 1969, 4,838 orders were received and processed at the loading dock compared to 4,585 in 1968.

Conclusion

It is interesting to note that the Central Reproduction Division has been entirely self-sustaining since its inception in 1949, having received no budget appropriations except for the purchase of new equipment. The U.S. mail and messenger service, handled since 1960, is operated under budget appropriations.

I would like to take this opportunity to express my gratitude and thanks to the employees of this division without whose loyal support and cooperation this favorable report would not have been possible.

STORES DIVISION

This division performs all of the field work of the Department. This includes:

1. Operation of the Municipal Warehouse (Carries items of common use for delivery to all departments).
2. Operation of the Bulk Petroleum Plant (Distributes gasoline, motor oil, kerosene and lubricants to all departments).
3. Inventory Control (Stock supervision is extended to include stores locations of other Departments for which a master inventory control is maintained. Standard procedure, also, is prescribed.)
4. Salvage Disposal (Obsolete and unusable equipment or materials from all departments are declared to the Purchasing Department and are either transferred to other departments, traded-in or sold. These operations include scrap and junk disposal; annual police auction of unclaimed articles; sale of outdated fire hose; sealed bid sales of wrecked, abandoned and tow-away cars; inventorying and disposing of furnishings in real estate acquired by the City and other related functions).
5. Partial testing, inspection and special services programs.

Municipal Warehouse disbursements were billed at \$168,959, a decrease of 9.5% over 1968. In addition to supplying staple items to all departments, four other public agencies were serviced. Only these responded to an invitation to Milwaukee County public entities to participate in withdrawals of standardized, tested materials.

Petroleum products disbursements were billed at \$153,409, an increase of 5% over 1968. Two quarter million gallon tanks for premium and regular gasoline and three 15,000 gallon tanks for motor oils and kerosene are in use. The Department is a licensed wholesaler paying the State of Wisconsin approximately \$185,000 in taxes annually. The City is exempt from the Federal tax of four cents per gallon on gasoline but pays the State tax of seven cents per gallon.

Lawrence Engel, Stores Supervisor, is in charge of this division. His report follows:

3 YEAR COMPARATIVE OPERATIONS REPORT

	<u>1969</u>	<u>1968</u>	<u>1967</u>
MUNICIPAL WAREHOUSE:			
Inventory - year end	\$163,319.77	\$151,841.48	\$143,985.44
Billing - stock issued	\$168,959.29	\$188,907.13	\$185,328.62
RECEIPTS:			
Shipments, number of	424	395	396
Items, number	755	868	826
DELIVERIES:			
Stops, number	754	767	884
Requisitions filled, number of	3,650	3,877	3,672
Items, number of	8,776	9,304	8,732

3 YEAR COMPARATIVE OPERATIONS REPORT (Continued)

	<u>1969</u>	<u>1968</u>	<u>1967</u>
PETROLEUM STORES:			
Inventory - year end	\$30,776.35	\$22,440.28	\$21,466.19
State Gasoline Tax	<u>\$12,502.00</u>	<u>\$ 8,750.00</u>	<u>\$ 7,420.00</u>
Total Inventory	\$43,278.35	\$31,190.28	\$28,886.19
BILLING-STOCK ISSUED:			
Petroleum Products	\$112,004.21	\$104,930.08	\$134,684.80
State Gasoline Tax	<u>\$ 41,405.00</u>	<u>\$ 41,093.57</u>	<u>\$ 53,313.54</u>
Total Billings	\$153,409.21	\$146,023.65	\$187,998.34
RECEIPTS:			
Shipments, number of	70	92	111
Items, number of	70	92	111
DELIVERIES:			
Stops, number of	1,360	1,326	1,353
Delivery Tickets	1,412	1,347	1,405
Items, number of	2,259	2,155	2,416
EMERGENCY STATIONERY STORES:			
Inventory - year end	\$297.71	\$312.76	\$351.33
Billings	\$ 15.06	\$ 27.12	\$ 24.32
(Discontinued 12/21/69)			
TOTALS FOR STORES DIVISION			
Inventory - year end	\$206,895.83	\$183,344.52	\$173,222.96
Billings	\$322,383.56	\$334,957.90	\$373,341.28
TOTAL RECEIPTS			
Shipments	494	487	507
Items	825	960	937
TOTAL DELIVERIES			
Stops	1,854	2,093	2,237
Delivery Tickets	5,062	5,224	5,077
Items	11,035	11,459	11,148

3 YEAR COMPARATIVE SALVAGE DISPOSAL REPORT

	<u>1969</u>	<u>1968</u>	<u>1967</u>
Receipts from sale of scrap and junk	\$29,503.72	\$37,765.40	\$54,278.05
Receipts from sale of used police vehicles		\$11,668.51 (33)	\$13,965.67
Receipts from sale of departmental cars		\$ 1,629.83 (12)	
Receipts from sale of abandoned and wrecked cars	\$30,536.94 (1255)	\$22,959.64 (847)	\$21,092.34 (647)
Receipts from auction of departmental cars			
Police -	\$35,730.00 (98)	\$10,930.00 (20)	
Other -	\$ 1,990.00 (14)	\$ 9,020.00 (38)	
Receipts from auction of police motorcycles	\$ 7,377.50 (32)		
Receipts from police auction	\$ 7,841.56	\$ 4,463.70	\$ 3,964.55
Receipts from sale of old equipment - miscellaneous	\$47,431.53	\$ 2,157.74	\$ 7,407.67
Total Receipts	\$ 160,411.25	\$ 100,594.82	\$ 100,708.28

(Other usable equipment and supplies were transferred to various City Departments at no charge)

Comments

The City, the same as industry, is becoming very conscious of the cost involved in storing materials and equipment, which have not been used for quite a while and, most likely, will not be used again. The money invested in these and the cost of the storage space results in a good, hard look at such items.

The first consideration is to transfer these to another department where they will be used. If not, they are sold for the best possible return. The acceleration of this effort is reflected in the large increase of revenue from sale of miscellaneous items.

DID YOU KNOW THAT

. motor oil of the highest quality is purchased in bulk and delivered in tank cars to the Municipal Petroleum Station? It is then delivered to all using departments. This oil is purchased at 33¢ per gallon for the single viscosity type and 37.2¢ for the multiple viscosity. This is comparable to the motor oil purchased at service stations at 75¢ and 85¢ per quart respectively or \$3.40 per gallon.

. coal consumption by the City of Milwaukee has reduced to very small tonnage? In 1969, contracts were let for only 2,270 tons. The large users in past years, the water pumping stations, are now electrified and many other locations have been converted. Ten years ago, the consumption ran approximately 46,000 tons.

. the State of Wisconsin law imposing the State sales tax specifically exempts municipalities from the 4% charge? No exemption number or certificate is required for exclusion from this billing.

. the City of Milwaukee is exempt from the 4¢ per gallon Federal excise tax on gasoline? However, as a wholesaler, we pay the 7¢ per gallon State tax directly to the State Treasurer promptly before the 20th of each month to avoid a penalty. These payments of the gasoline tax approximate \$185,000 per year. A refund is received for all gasoline used where it is not used to propel gasolines over public highways. This includes consumption such as pumping engines operating at fires and miscellaneous other equipment powered by gasoline.

. contracts for the deliveries of transports of gasoline are entered into for each six month's requirement? Most locations are able to accommodate the 8,000 or 10,000 gallon transports. When there are smaller accommodations, deliveries are made from the Municipal Petroleum Station. Prices paid for regular gasoline are .11645 per gallon and premium at .13145 per gallon, 1½¢ more, less 1% cash discount. These prices are exclusive of the Federal excise tax and the State tax and the State inspection fee amounting to .00033 per gallon.

PROMPT PAYMENT

Because of the 8-10% interest rate on money, vendors to the City of Milwaukee have beseeched us for prompt payment of their invoices. Consequently, departmental representatives involved in payments to vendors were invited to a meeting called by the Purchasing Department on October 6 to impress the need for prompt payment and determine what can be done to assure it. Because of this high cost of money, some of the vendors have discontinued offering a cash discount.

JOINT FEDERAL, STATE AND LOCAL GOVERNMENT ADVISORY PANEL ON PROCUREMENT AND SUPPLY

The City Purchasing Agent is on this panel conducted by the General Services Administration - Federal Supply Service and attends the quarterly meetings. The objective is to obtain a better understanding of purchasing problems and procedures at the various levels of government. Specifications, tests and experiences are interchanged. The many ways in which the Federal Supply Service can assist state and local governments are discussed. Withdrawal of commodities from regional GSA depots by smaller governments was proposed but failed to get the necessary favorable legislation. These withdrawals can, however, be made if the expenditure is from Federal funds. Many other areas of cooperation are proposed and discussed. The City Purchasing Agent has made several presentations on different subjects before the panel.

AUDIT

The State of Wisconsin auditors submitted a report on December 31, 1968 of an audit of our operations which was very favorable.

BUYERS

The six buyers in the department petitioned to be recognized as the "Governmental Buyers Association of Milwaukee" and a separate bargaining unit. Two hearings were held before the Wisconsin Labor Relations Board from which an election on union representation for all of the non-supervisory employees of the department emanated. This was scheduled for February 2, 1970.

LEAD TIMES

Periodically, a compilation showing the lead time for delivery of various commodities was sent to the departments for their information and for planning their projects.

INCREASED WORK LOAD

Over the last several years, purchases previously handled by other departments such as janitorial custodial services, automobile liability and other insurance, printing of the Common Council proceedings,

official advertising, etc. were transferred to the Purchasing Department without any increase in personnel. Actually, the personnel was voluntarily decreased notwithstanding. The Central Reproduction Division production has increased drastically over the last several years without any increase in personnel and no expenditures for overtime. This is a real tribute to the staff.

IDENTICAL BIDDING

A report on identical bidding issued by the U.S. Attorney General in July 1969, shows that there was an 8.6% decline in 1968 over 1967. Identical bidding of course, is easy to detect and we are required to report all instances involving over \$1,000. However, where there are varying bids and there is a collusion in existence, it is very difficult to recognize any pattern and these are the most vicious intrusions on the intent of good public bidding.

INTERNAL REVENUE DEPARTMENT RULING

In cases where vendors have been found guilty of collusion and rigging prices in bidding to public agencies after lengthy preparation and trial, and have been required to pay treble damages to the City of Milwaukee, they have now turned this penalty into a bonanza. The Internal Revenue Department has ruled that these treble damages can be deducted from tax returns as a "necessary business expense" and through this ruling, what was supposed to be a penalty for criminal intent on the public, has merely turned out to be a slap on the wrist and in reality, a beneficial application on their income taxes. The National Institute of Governmental Purchasing has for several years been trying to get a legislative ear to negate this ill-conceived ruling.

SURPLUS COMMODITIES

A bill on the Federal level was passed to allow public agencies to have reservations on commodities, which they may need in the future and which would be included in the surplus disposal program by General Services Administration. The bill permits public agencies to be first notified and allows them to negotiate for the purchase prior to offering to the public. This still does not seem to be the answer for a good working arrangement to allow local governments to participate in federal surplus goods distribution.

INSURANCE PURCHASES

On December 11, bids were requested for automobile liability insurance for the City's fleet. This was the first time this was handled as bids previously had been solicited by the Commissioner of Public Works. Centralization of all insurance is now vested in the City Comptroller and an insurance consultant is retained to assist in the administration of the insurance program. Specifications are prepared and forwarded to this department for bids. In addition to getting adequate coverage where it is required, substantial savings are affected through this program.

ENCUMBERING FUNDS

During the latter part of 1969, telemeter equipment was installed in the Purchasing Department. This allows requisitions to be prepared on the machine and have the expenditure encumbered immediately in the Office of the City Comptroller. One machine is on each floor of the City Hall to service all of the offices on that floor. The system was put into use on January 1, 1970.

DERRICK

On April 14, a 200 ton stiff-legged derrick at the Harbor dock costing \$244,000, was accepted after tests. The sensitivity of the controls was demonstrated, when it was loaded with 220 tons of concrete block and broke the shell of an egg without crushing it.

VEHICLE AUCTION

On October 4, 140 vehicles, mostly police squad cars and motorcycles were auctioned. The results were inconclusive as to whether it would be to the advantage of the City to trade in used equipment, sell it by sealed bids or auction. It is evident that the price of the new equipment in most cases is affected by whether there is or is not a trade-in.

FIRE DEPARTMENT STOCK

Since the inception of the Fire Department, the various houses have been under a quarterly supply schedule distributed by the Fire Department storeroom. To avoid double handling, starting July 1, deliveries were made direct to the various Fire houses by the Municipal Warehouse.

SAVINGS IN COPIES

This Department has several pieces of Xerox equipment for producing copies, as well as one machine in each of approximately six other departments because of their location or the nature of their work. On April 11, the Xerox Company filed a report with us on the use of these machines and by switching the agreements on this equipment and having it placed on a Federal pricing schedule, we are able to save \$20,000 annually.

LOSING EXPERIENCED PERSONNEL

The Central Reproduction Division lost the two highest of their three duplicating technicians, as they were employed by outside printing firms with much more attractive pay. It is difficult to replace experienced people such as this. The positions remained open for approximately six months, necessitating much work to be sent to outside printers at a substantially higher cost. This accounts for the decrease in volume shown in the statistics.

EMERGENCY STATIONERY STORE

For several years, a branch of the Municipal Warehouse was established in room B-13 of the Municipal

Building and serviced by personnel from the Central Reproduction Division. Items commonly used in offices were carried. The issuances were so negligible that the facility was closed on December 21.

COSTS OF RUSH ORDERS

Dorothy Schroeder, paper buyer, recites this March 5 experience in saving. The Public Museum needed 100 sheets of 25½" x 30½" - 110# buff index bristol. The price was \$10.39 per 100 sheets. The buyer remembered that the paper company had just been successful in large tonnage of paper awarded to them on a bid. Miss Schroeder linked this purchase up with the large quantity and paid exactly one-half or \$5.22 for the 100 sheets.

On June 6, she received a requisition for 6,000 "No Parking" signs for the 4th of July parade with 2,000 to be delivered by June 25. The job cost \$1,356. If this need could have been foreseen, these could have been made by the Milwaukee County Handicraft Projects at a cost of \$960. The immediate need of these cost an additional \$396.

PROPER SOURCES OF SUPPLY

Many instances of savings arise during the year showing the necessity of contacting the correct source of supply. Fred Kneisler, buyer, reports this one during the year.

The Bureau of Electrical Services requisitioned 5,000 clips for ball chains under a part number of Rockwell Mfg. Company. They gave us a price of \$250. The buyer thought the price was too high for the product so he contacted a local hardware dealer who sold them to us for \$24.50 resulting in a saving for the City of Milwaukee of \$225.50.

PERSONNEL CHANGES

Bernard Krutza Stores Clerk I Stores Division	Retirement on Pension	February 1, 1969
Richard Fliss Stores Clerk II Stores Division	Appointed	February 3, 1969
Donald Lobenhofer Clerk III Central Reproduction Division	Resigned	February 5, 1969
Keith Hankin Stores Clerk I Stores Division	Appointed	February 17, 1969
Daniel Zych Clerk III Central Reproduction Division	Promoted	February 18, 1969
Janet Blanz Clerk Stenographer II Administration Division	Promoted	March 3, 1969
Terry Theriault Duplicating Equipment Operator III Central Reproduction Division	Resigned	March 11, 1969
Richard Fliss Stores Clerk II Stores Division	Resigned	March 14, 1969
Barry Parker Duplicating Equipment Operator III Central Reproduction Division	Appointed	July 7, 1969
John Sullivan Stores Clerk II Stores Division	Appointed	July 7, 1969
Mrs. Dorothy Wegner Duplicating Equipment Operator II Central Reproduction Division	Appointed	August 18, 1969
Keith Hankin Stores Clerk I Stores Division	Resigned	September 11, 1969
Sherry Alexander Messenger Central Reproduction Division	Resigned	September 19, 1969
Patricia Kelly Clerk Stenographer II Administration Division	Leave of Absence	November 10, 1969
Joseph Branda Messenger Central Reproduction Division	Appointed	November 10, 1969

AFFILIATIONS

City of Milwaukee - National Institute of Governmental Purchasing

City Purchasing Agent

Member - Board of Directors - Former President of National Institute of Governmental Purchasing

Chairman - Cost to Public Purchasing Agencies of Procurement Safety Procedures -
National Institute of Governmental Purchasing

Member - Professional Development Committee - National Institute of Governmental Purchasing

Member - Identical and Rigged Bids Committee - National Institute of Governmental Purchasing

Member - Standardization Committee - National Institute of Governmental Purchasing

Alternate Member - Oral Examining Board for Certification - National Institute of Governmental Purchasing

Milwaukee Association of Purchasing Management*

Wisconsin Association of Public Purchasers

Former President

Deputy City Purchasing Agent

Milwaukee Association of Purchasing Management*

Wisconsin Association of Public Purchasers

(*Includes membership in National Association of Purchasing Management)

THE NATIONAL INSTITUTE OF GOVERNMENTAL PURCHASING, INCORPORATED

Founded in 1944 in Milwaukee, Wisconsin

**A Non-Profit Educational and Technical Organization of Governmental
Buying Agencies of the United States, Canada and Puerto Rico Chartered
as an Educational Corporation Under the Laws of the State of Wisconsin.**

Its Aims and Objectives

ORGANIZED

- To study, discuss and recommend improvements in governmental purchasing.**
- To interchange ideas and experiences and obtain expert advice on local, state and national governmental purchasing problems.**
- To collect and distribute to governmental purchasing officials information on the organization and administration of governmental buying.**
- To develop and promote simplified standards and specifications for governmental buying.**
- To promote effective purchasing structures and uniform purchasing laws and procedures.**
- To promote and foster the professional competence and stature of all persons engaged in governmental buying.**
- To set an academic and professional standard for all such persons and to award diplomas, certificates and distinctions to any such persons after examination or otherwise.**
- To achieve recognition of the place of public purchasing in the governmental structure with emphasis on cabinet or top-management status for the public purchasing official.**
- To work for or against proposals affecting the welfare of governmental buying agencies.**
- To give to taxpayers information on governmental buying problems in order to foster interest in public affairs and cooperation between governmental buyers and those they serve.**

The Nation's Clearinghouse for Public Purchasing Information

A CHARTER MEMBER OF THE INTERNATIONAL FEDERATION OF PURCHASING

THANKS -

To Predecessors -

Who have established a respected Board and Department of Purchases by the sound fundamentals which they inculcated. Because of their high standards and efforts, this Municipality is recognized nationally and internationally as having an exemplary purchasing organization.

To Board Members -

Who, serving in an ex-officio capacity, gave time and deliberate thought to matters before the Board and the several committees.

To the Common Council -

Who gave support for a sound public purchasing program. Two members are valued and dedicated ex-officio members of the Board - President Robert J. Jendusa and Chairman of the Finance-Printing Committee, Fred F. Schallert. Alderman Jendusa served as Vice-Chairman of the Board and presided at most of the meetings.

To City Personnel -

For assistance from officials, department heads and employees when they were called upon by this department.

To Vendors -

Who, in suggesting innovations for supplies and equipment, were responsible for many improvements.

To the City Attorney and Assistants -

Who most capably handled the legal aspects of our work. Their valued counsel and opinions were highly respected.

To Albert H. Hall -

Who, as Executive Vice President of the National Institute of Governmental Purchasing, together with his staff have been called on innumerable times to furnish professional information and assistance.

To Fellow Public Purchasing Agents -

Who, with their unselfish interchange of professional information, have exhibited an esteemed cooperation not practiced in private purchasing.

To the Staff -

Who were most important as a loyal and dedicated group to achieve the aims and objectives of a good public buying program and who reached these objectives with a splendid esprit de corps.

The Bell In The Tower Of
The Milwaukee City Hall Is Inscribed —

WHEN I SOUND THE HOUR OF DAY
FROM THIS GRAND AND LOFTY STEEPLE,
DEEM IT A REMINDER, PRAY,
TO BE HONEST WITH THE PEOPLE.

352.0775
M64
1970

ANNUAL REPORT

CENTRAL BOARD OF PURCHASES

CITY OF MILWAUKEE, WISCONSIN

ADMINISTRATION • BUYING

INVENTORY CONTROL

MUNICIPAL WAREHOUSE

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AT URBANA-CHAMPAIGN

PETROLEUM PRODUCTS STORES

REPRODUCTION OF FORMS PHOTOGRAPHIC EQUIPMENT POOL

M A I L S E R V I C E M E S S E N G E R S E R V I C E

1970

S A L V A G E D I S P O S A L R E C E I V I N G S E R V I C E

ANNUAL REPORT

CENTRAL BOARD OF PURCHASES

1970

CITY OF MILWAUKEE

MAYOR HENRY W. MAIER

CHAIRMAN

ALD. ROBERT J. JENDUSA, SR.

*VICE CHAIRMAN
PRESIDENT OF COMMON COUNCIL*

JOHN E. KALUPA

CITY COMPTROLLER

ALD. FRED F. SCHALLERT

*CHAIRMAN COMMON COUNCIL FINANCE-
PRINTING COMMITTEE*

EDWIN C. WHITNEY

DIRECTOR BUDGET AND MANAGEMENT

HERBERT A. GOETSCH

COMMISSIONER OF PUBLIC WORKS

ELMER W. BECKER

SUPERINTENDENT MILWAUKEE WATER WORKS

BUYING

MUNICIPAL WAREHOUSE
PETROLEUM PRODUCTS STORES
INVENTORY CONTROL
RECEIVING SERVICE

REPRODUCTION OF FORMS

PHOTOGRAPHIC EQUIPMENT POOL
MAIL SERVICE
MESSENGER SERVICE
SALVAGE DISPOSAL

ANDREW L. LEHRBAUMMER, C.P.P.O.

Secretary Central Board of Purchases and City Purchasing Agent

LEON P. KLAUS

Deputy City Purchasing Agent

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CENTRAL BOARD AND DEPT. OF PURCHASES
SUITE 607 • CITY HALL • 276-3711 • MILWAUKEE, WISCONSIN 53202

February 15, 1971

ANDREW L. LEHRBAUMMER
City Purchasing Agent

LEON P. KLAUS
Deputy City Purchasing Agent

To the Central Board of Purchases:

This fifty-third consecutive Annual Report is compiled and published to post all authorities and others with interest on the activities during 1970. The last in a long series of such reports, it has significant value as one of the reference links. Necessarily restricted in cost, it furnishes more details and statistics than appear in the official City of Milwaukee "1971 Directory and Report of City Progress in 1970", published by the Common Council, which understandably has only a short description of the operations of each of the approximately fifty departments, boards and commissions. The Central Board of Purchases appears in a section highlighting its activities.

Departmental reports, such as this, are exchanged with those issued by other public buying agencies and the comparison of operations affords a wealth of information and suggestions. Wide mutual benefits are received through such interchange to gain "More Value For the Tax Dollar". Numerous requests for information on our operations are received and this report in many instances serves as a valuable reference and response for such inquiries.

Private industry depends heavily upon its materials management to improve the profit picture. Likewise its counterpart in government seeks to get better mileage from the tax dollar as public officials become more cognizant that centralized purchasing is a tax-cutting function.

Centralization of the purchasing functions among public entities has accelerated since the formation of the National Institute of Governmental Purchasing in Milwaukee in 1944. Cooperative buying programs among several entities are slowly being instituted, not gaining their full stride or potential. There are too many political restraints and "sacred cows" to be killed.

Through centralized purchasing, the recognized saving of fifteen per cent on total purchases of \$15,552,338 or \$2,332,850 was realized during 1970. In addition there are many intangible gains, such as supplier good will created by lesser sales calls and accounts receivable; prompt payment; elimination of indefinite contacts, etc. These are assets to the City.

The statistical information included in this report is not available until after February 1. Issuance, therefore, is necessarily delayed until after that date, which is the busiest season. However, we strive to circulate it as soon as practicable.

Your interest in our operations and accomplishments is appreciated.

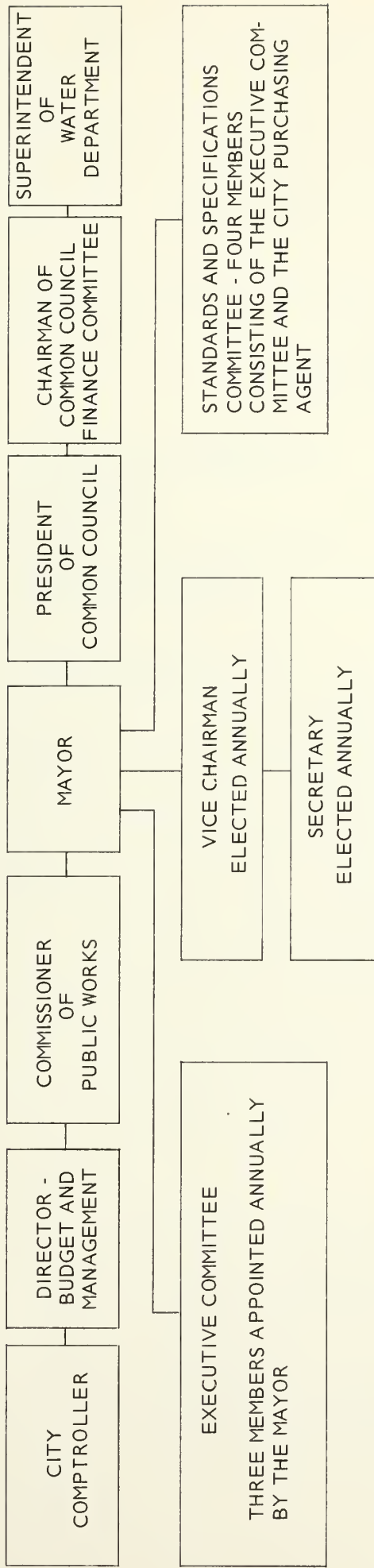
Respectfully submitted,

Andrew L. Lehrbaummer
Secretary, Central Board of Purchases
and City Purchasing Agent

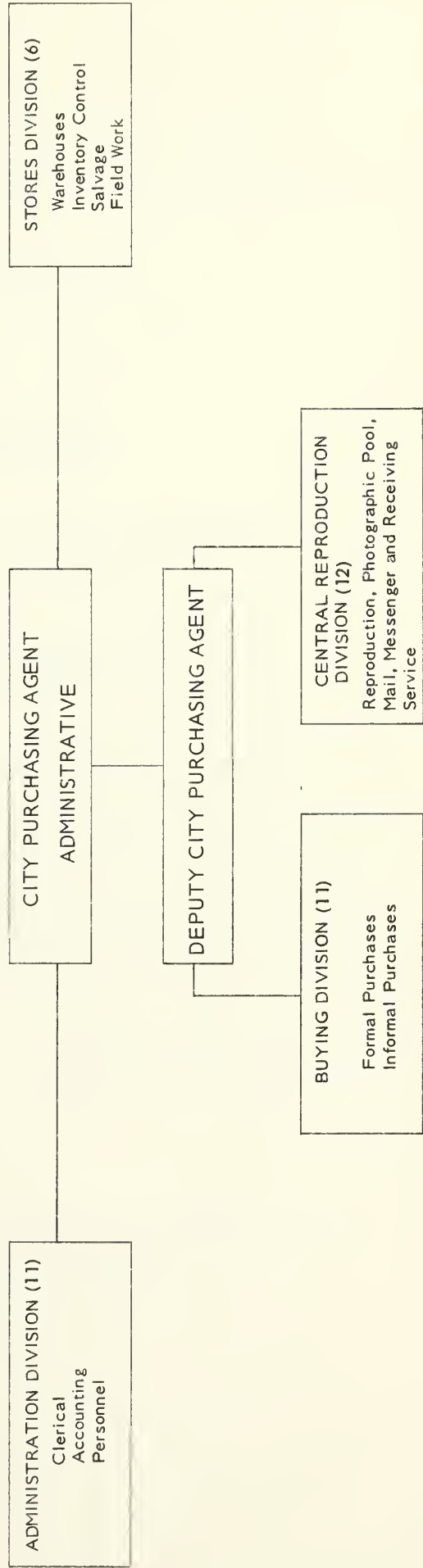
ORGANIZATION CHART

CENTRAL BOARD OF PURCHASES

Chairman



DEPARTMENT OF PURCHASES



CENTRAL BOARD OF PURCHASES

The Central Board of Purchases was created under Chapter 297, Laws of 1917 of the State of Wisconsin, on May 21, 1917. Then 1970 was the fifty-third year that Milwaukee has operated under a central purchasing authority, establishing itself as a pioneer in this accepted concept of efficient public buying.

The Board members, who serve in an ex-officio capacity, were as follows:

Mayor
(Henry W. Maier)
Chairman

President of the Common Council
(Ald. Robert J. Jendusa, Sr.)
Vice-Chairman

City Comptroller
(John E. Kalupa)

Chairman of the Common Council
Finance-Printing Committee
(Ald. Fred F. Schallert)

Director Budget and Management
(Edwin C. Whitney)

Commissioner of Public Works
(Herbert A. Goetsch)

Superintendent of the Water Works
(Elmer W. Becker)

This Board, composed of four elected officials and three department heads, establishes policy and is authorized to purchase or to provide for the purchase of all materials, supplies and equipment for the use of all departments, boards and commissions of the City government, for which budgeted funds have been previously appropriated. Purchases in excess of \$5,000 (\$7,500 after February 15, 1971) require official advertising for six days and award of the contract by the Board at stated public meetings. All interested parties are invited to attend meetings and are privileged to be heard. Purchases less than \$5,000 are handled by the staff. Most contracts include a surety as a third party to assure performance.

Authority of the Board, as delegated by State law, empowers it to call upon any officer, board or commission to assist in the purchasing function. It has two standing committees - an Executive Committee and a Standards and Specifications Committee.

EXECUTIVE COMMITTEE

The Chairman annually appoints a three-man Executive Committee to function as directed by the Board and to act in emergency situations. During 1970, this Committee consisted of:

Herbert A. Goetsch - Commissioner of Public Works (Chairman)

John E. Kalupa - City Comptroller

Edwin C. Whitney - Director Budget and Management

Elmer W. Becker - Superintendent of the Water Works (alternate)

STANDARDS AND SPECIFICATIONS COMMITTEE

The Executive Committee also serves as the Standards and Specifications Committee, augmented by the City Purchasing Agent. It strives for simplification and standardization of materials, supplies and equipment. The objective is to reduce the types and kinds of commodities to allow the competitive purchases of larger quantities, which among other advantages, commands lower prices.

The major part of the time of this Committee, however, is spent in reviewing tentative or controversial equipment specifications with prospective bidders and the requisitioning department at public meetings. This review takes place before bids are requested so that an acceptable specification is employed and charges of "slanted" specifications are eliminated.

DEPARTMENT OF PURCHASES

The City Purchasing Agent is designated by the Central Board of Purchases as the administrator of the Department of Purchases. He is responsible for the purchase of all materials, supplies and equipment for all departments, boards and commissions under the control of the Common Council with a few statutory exceptions.

The Department includes the following four divisions with a total of 40 employees. The number of employees in each division is indicated in parenthesis.

1. Administration (11)
2. Buying (11)
3. Central Reproduction (12)
4. Stores (6)

COMPARATIVE DOLLAR OPERATION OVER 10 YEARS

<u>Year</u>	<u>We Purchased-</u>	<u>On A Budget Of-</u>	<u>And Earned Cash Discounts-</u>
1961	\$ 12,277,664	\$ 161,988	\$ 72,716
1962	11,495,798	174,773	73,457
1963	12,404,750	247,293	75,614
1964	12,049,834	203,704	68,297
1965	12,210,578	213,715	76,917
1966	13,328,122	231,680	78,174
1967	13,047,000	212,535	83,790
1968	14,670,819	241,973	85,792
1969	16,749,124	265,503	83,622
1970	15,552,337	310,830	85,453

Some of the conspicuous variations in the annual budget appropriations were due to the addition or curtailment of functions and the required personnel. Also the increasing amount of purchases can be partially attributed to price increases.

ADMINISTRATION DIVISION - Report of Alice M. Last, Administrative Assistant I

This Division performs the clerical, personnel and accounting functions in the Department. Budget Preparation, Accounting, Records, Payroll, Bid Preparation and Tabulation are some of the main categories. The latest innovation has been the adjusting of all budget and accounting records to teleprocessing encumbering of funds procedures. This city-wide automated system has eliminated the need for keeping departmental records of budget activity. The installation in the Purchasing Department serves all departments on the sixth floor of the City Hall.

COMPARATIVE BUSINESS TRANSACTED - 1970, 1969 and 1968

	<u>1970</u>	<u>1969</u>	<u>1968</u>	1970 vs. 1969 No. or Amt. Increased (+) or Decreased (-)
<u>PURCHASE ORDERS</u>				
Number issued	13,061	12,923	13,659	+138
Gross dollar amount	\$5,837,051	\$6,045,623	\$5,444,634	-\$208,572
Total cash discounts earned	\$33,788	\$34,055	\$39,308	-\$267
Net amount expended	\$5,803,263	\$6,011,568	\$5,405,326	-\$208,305
<u>CONTRACTS</u>				
Number issued	159	145	159	+14
Gross dollar amount	\$2,582,063	\$3,169,142	\$4,172,668	-\$587,079
Total cash discounts earned	\$6,254	\$6,681	\$6,572	-\$427
Net amount expended	\$2,575,809	\$3,162,461	\$4,166,096	-\$586,652
<u>MISC. PAYMENT CERTIFICATIONS</u>				
Gross dollar amount	\$7,133,223	\$7,617,979	\$5,139,308	-\$484,756
Total cash discount earned	\$45,410	\$42,885	\$39,912	+\$2,524
Net amount expended	\$7,987,813	\$7,575,094	\$5,099,396	-\$487,282
<u>TOTAL EXPENDITURES</u>				
Gross dollar amount	\$15,552,337	\$16,832,746	\$14,756,611	-\$1,280,409
Cash discounts earned	\$85,452	\$83,622	\$85,792	+\$1,830
Net amount expended	\$15,466,885	\$16,749,124	\$14,670,819	-\$1,282,239

BUYING DIVISION

Leon P. Klaus, the Deputy City Purchasing Agent is in charge of the division.

Interviewing salesmen, preparing bids and making awards keep the six buyers busy. Each of them has an assignment of items, which understandably covers a tremendously wide variety of commodities because of the wide scope of City operations. Purchases which exceed \$5,000 are required to be advertised for six days, bids are opened publicly at a pre-stated time and awarded by the Board at a later meeting. Bids of lesser amounts are handled by the staff and are requested whenever it is practicable to do so. These are also publicly opened at a pre-stated time.

Potentially spiralling prices were partially offset by slow economic conditions. Priming by the Federal government grew greater as the year progressed to slow mounting unemployment. Many more firms sought public business to keep active.

Inspection and Testing

Unless we are assured that the goods delivered comply with the specification and represent what we are paying, we have not made a good purchase. Therefore, inspection and testing is considered a vital part of the buying program. Most of the tests are performed by the City Testing Laboratory. These costs are charged to us.

While each delivery is not checked, the possibility of an inspection keeps all vendors alert and exerts a conspicuous psychological effect. In the event of rejection, vendors are given one opportunity only for satisfactory replacement.

Petty Cash

Small orders have always been a thorn in all purchasing departments. They are most conspicuous in public buying operations, where each expenditure is charged to one of many funds of many different departments, boards, commissions, etc. This method of accounting requires many small orders.

With rapidly mounting personnel and equipment costs, vendors can no longer profitably fill orders amounting to several dollars. Many suppliers have adopted policies of minimum billings and charges for delivery services on small orders.

All City buyers have urged greater use of the petty cash system to departments to alleviate this situation. The Board, in recognizing the problem, raised the petty cash purchase limit from \$10 to \$35.

CENTRAL REPRODUCTION DIVISION

The report of M. Norbert Weber, Duplicating Services Supervisor, is as follows:-

This Division produces duplicating work for all of the departments, boards and commissions with a few exceptions because of the confidential nature of the work. Processes used are offset duplicating, electrostatic duplication, spirit duplicating, and photo-direct plate making. Plates or original composition are kept on file for future use. Costs of this production are billed to the respective departments and payments of these charges offset the expenditures made from a rotary account.

It also maintains a photographic equipment pool from which all departments obtain the proper photographic, visual aid, audio and other similar equipment, which they require for a specific application. Incoming and outgoing U.S. mail and messenger service to all departments is also performed. Three messenger trips are made to all departments each day in the City Hall and Municipal Building. It also maintains the Receiving Department and is responsible for all merchandise received at the loading dock and the forwarding thereof to the requisitioning department in the City Hall or Municipal Building. An office equipment pool, consisting of typewriters, adding machines and calculators, is also maintained by this division.

A report of comparative billings to the various departments over the last five years follows. The constantly increasing work load without an increase in personnel attests to the dedication of the employees.

	<u>% Change</u>	<u>1970</u>	<u>1969</u>	<u>1968</u>	<u>1967</u>	<u>1966</u>
Offset Reproduction	+ 53*	\$ 49,442	\$ 32,291	\$ 53,426	\$ 46,248	\$ 49,813
Electrostatic, Mimeographing and Spirit Duplication	+ 15½	77,858	67,397	57,292	52,461	37,541
Copy Service	+ 2½	36,971	36,054	28,377	27,072	19,709
Photographic	+ 11	10,677	9,626	7,729	6,931	6,296
Postage (Mail Room)	- 2**	103,633	105,718	100,480	78,642	75,707
Total		\$278,584	\$251,088	\$247,305	\$211,355	\$189,067

* Billings in 1969 were down conspicuously because of job vacancies.

** During 1969, the Tax Commissioner had a special mailing of approximately 106,500 Real Estate Assessment Notices resulting in a postage bill of \$6,388. Due to this unusual mailing in 1969, a comparative decrease is shown for postage in 1970.

The year 1970, excluding postage, showed an increase in the Division. The total billing for the work performed during the year amounted to \$174,950.69 compared to \$145,369.57 in 1969, an increase of 20.3%.

Electrostatic Duplicating

In 1970, 55,723 electrostatic masters were run with a total of 3,542,464 impressions compared to

49,673 masters with 3,229,209 impressions in 1969.

Copy Service

There was an approximate decrease of 2.2% over 1969 but an increase of almost 221% over 1966 in the use of copying equipment by all of the City Departments.

- In 1970 617,052 copies made.
- In 1969 631,155 copies made.
- In 1968 438,497 copies made.
- In 1967 407,180 copies made.
- In 1966 280,190 copies made.

Mail Service

The postal charges to the respective departments for 1970 amounted to \$103,633.64, a decrease of \$2,085.11 or slightly less than 2.1% over 1969. This signifies an average monthly postage bill of \$8,636.13 for the City. The number of pieces of outgoing U. S. mail processed in 1970 was 1,335,876 against 1,392,065 in 1969.

In 1970, the envelope inserting machine stuffed 291,880 envelopes, compared to 405,228 in 1969.

Receiving Dock

In 1970, 5,115 orders were received and processed at the loading dock compared to 4,838 in 1969.

Conclusion

The Central Reproduction Division has been on a rotary fund since its inception in 1949, having received no budget appropriations except for the purchase of new equipment. The U. S. mail and messenger service, handled since 1960, however, are operated under budget appropriations.

I express my gratitude and thanks to the employees of this division without whose loyal support and cooperation this favorable report would not have been possible.

STORES DIVISION

This division performs all of the field work of the Department. This includes:

1. Operation of the Municipal Warehouse (Carries items of common use for delivery to all departments).
2. Operation of the Bulk Petroleum Plant (Distributes gasoline, motor oil, kerosene and lubricants to all departments).
3. Inventory Control (Stock supervision is extended to include stores locations of other Departments for which a master inventory control is maintained. Standard procedure, also, is prescribed.)
4. Salvage Disposal (Obsolete and unusable equipment or materials from all departments are declared to the Purchasing Department and are either transferred to other departments, traded-in or sold. These operations include scrap and junk disposal; annual police auction of unclaimed articles; sale of outdated fire hose; sealed bid sales of wrecked, abandoned and tow-away cars; inventorying and disposing of furnishings in real estate acquired by the City and other related functions).
5. Partial testing, inspection and special services programs.

Municipal Warehouse disbursements were billed at \$174,787, an increase of 3.5% over 1969. In addition to supplying staple items to all departments, four other public agencies were serviced. Only these responded to an invitation to Milwaukee County public entities to participate in withdrawals of standardized, tested materials.

Petroleum products disbursements were billed at \$161,512, an increase of 5% over 1969. Two quarter million gallon tanks for premium and regular gasoline and three 15,000 gallon tanks for motor oils and kerosene are in use. The Department is a licensed wholesaler paying the State of Wisconsin approximately \$185,000 in taxes annually. The City is exempt from the Federal tax of four cents per gallon on gasoline but pays the State tax of seven cents per gallon.

Lawrence Engel, Stores Supervisor, is in charge of this division. His report follows:

3 YEAR COMPARATIVE OPERATIONS REPORT

	<u>1970</u>	<u>1969</u>	<u>1968</u>
MUNICIPAL WAREHOUSE:			
Inventory - year end	\$188,235	\$163,319	\$151,841
Billing - stock issued	\$174,787	\$168,959	\$188,907
RECEIPTS:			
Shipments	490	424	395
Items	917	755	868

3 YEAR COMPARATIVE OPERATIONS REPORT (Continued)

	<u>1970</u>	<u>1969</u>	<u>1968</u>
DELIVERIES:			
Stops	734	754	767
Requisitions filled	4,517	3,650	3,877
Items	11,293	8,776	9,304

PETROLEUM STORES:

Inventory - year end	\$37,556	\$30,776	\$22,440
State Gasoline Tax	<u>\$14,210</u>	<u>\$12,502</u>	<u>\$ 8,750</u>
Total Inventory	\$51,766	\$43,278	\$31,190
Billing - stock issued:			
Petroleum Products	\$117,549	\$112,004	\$104,930
State Gasoline Tax	<u>\$ 43,963</u>	<u>\$ 41,405</u>	<u>\$ 41,093</u>
Total Billings	\$161,512	\$153,409	\$146,023

RECEIPTS:

Shipments	92	70	92
Items	92	70	92

DELIVERIES:

Stops	1,363	1,360	1,326
Delivery Tickets	1,392	1,412	1,347
Items	2,227	2,259	2,155

TOTALS FOR STORES DIVISION

Inventory - year end	\$240,002	\$206,895	\$183,344
Billings	\$336,299	\$322,383	\$334,957

TOTAL RECEIPTS

Shipments	582	494	487
Items	1,009	825	960

TOTAL DELIVERIES

Stops	2,097	1,854	2,093
Delivery Tickets	5,909	5,062	5,224
Items	13,520	11,035	11,459

3 YEAR COMPARATIVE SALVAGE DISPOSAL REPORT

	<u>1970</u>	<u>1969</u>	<u>1968</u>
Receipts from sale of scrap and junk	\$18,366	\$29,503	\$37,765
Receipts from sale of used police vehicles			\$11,668 (33)
Receipts from sale of departmental cars			\$ 1,629 (12)
Receipts from sale of abandoned and wrecked cars	\$30,885 (745)	\$30,536 (1255)	\$22,959 (847)
Receipts from auction of departmental cars			
Police -	\$15,500 (44)	\$35,730 (98)	\$10,930 (20)
Other -	\$11,386 (48)	\$ 1,990 (14)	\$ 9,020 (38)
Receipts from auction of police motorcycles		\$ 7,377 (32)	
Receipts from police auction	\$ 8,590	\$ 7,841	\$ 4,463
Receipts from sale of old equipment - miscellaneous	\$ 8,156	\$47,431	\$ 2,157
Total Receipts	\$92,884	\$160,411	\$100,594

(Other usable equipment and supplies were transferred to various City Departments at no charge)

JOINT FEDERAL, STATE AND LOCAL GOVERNMENT ADVISORY PANEL ON PROCUREMENT AND SUPPLY

The City Purchasing Agent was on this panel conducted by the General Services Administration - Federal Supply Service and attended the quarterly meetings. His two year term expired at the end of 1970. The objective is to obtain a better understanding of purchasing problems and procedures at the various levels of government. Specifications, tests and experiences are interchanged. The many ways in which the Federal Supply Service can assist state and local governments are discussed. Withdrawal of commodities from regional GSA depots by smaller governments was proposed but failed to get the necessary favorable legislation. These withdrawals can, however, be made if the expenditure is from Federal funds. Many other areas of cooperation are proposed and discussed. The City Purchasing Agent has made several presentations on different subjects before the panel.

FUN WITH FLAGS

In mid 1970, this Department was authorized to sell official City flags to the public. For their news presentation, television station WTMJ-TV Channel 4 had the Purchasing Agent tell one of their newsmen all about the flag and how it could be acquired. After explaining all the symbolisms, the flag was ceremoniously unfolded by the two men only to have it upside down, then righted and held backwards to the camera - a real comedy of errors. The cameraman halted the fiasco and retook the shot after a thorough rehearsal - so it would be unfurled right the first time.

But apparently the retake for news value did not have as much viewer appeal as the comic skit, for that was all that was televised to the public. And it must have been outstanding in that category as it was used again at the end of the year in a resume' of amusing incidents during 1970.

"ONE BITE AT THE APPLE"

This well-done film was obtained from the General Services Administration - Federal Supply Service and showed the important principles of competitive bidding. It was shown on October 16 and October 20. All those interested in public purchasing were invited including Central Board of Purchases members, staff and personnel of other public buying agencies in the local area.

CHANGES IN BIDS

Many bidders to the City of Milwaukee, not familiar with public bidding, submit bids which change the specifications, delivery time or other terms and conditions. This renders their bid informal as this is construed

to be a counter-offer. To minimize this, the following paragraph was added to the general directions for bidding: "If any of the terms and conditions prevent you from bidding, consideration will be given, if possible, to your request for a change. This would require sending an addendum to all prospective bidders, which must be done not less than one week prior to the bid."

EXPEDITING DELIVERIES

On September 23, a letter was written to all departments soliciting their cooperation in expediting deliveries. This had been done before but because of turnover of personnel, it was thought advisable to repeat it.

Cooperation was solicited so that the delivery time by the date shown on each purchase order and contract would be met and the procedure in overdue deliveries was set forth.

A newly published brochure "Requisitioning Supplies, Materials, Equipment and Services" was sent with the letter. This was a general information pamphlet on acquiring goods and services and the payment for them.

COSTS OF SMALL ORDERS

During the year, many firms added delivery charges to their billing or instituted a minimum billing. With the increasing delivery costs of both vehicles and personnel, this is understandable. Precautions were taken to avoid small orders and such charges.

Greater use of the petty cash system was encouraged and these orders increased considerably.

PETTY CASH AND INFORMAL BID LIMITS INCREASE

To keep abreast of the rising economy, the Central Board of Purchases approved an increase in the limitation on petty cash from \$10 to \$35. This action was approved by the Common Council and will become effective early in 1971.

The limit for informal purchases was also increased from \$5,000 to \$7,500 and will become effective in February of 1971.

LABOR ORGANIZATION EFFORT

The six Buyers in the Department petitioned to be recognized as a bargaining unit. This was not granted by the Wisconsin Employment Relations Commission but instead directed that an election be held among all the non-supervisory employees in the Department on February 2. All eligible employees had a choice of representations - Local 48 AFL - CIO, Independent Union or no representation. Neither type of

representation had a majority. No decision was made by the employees.

REFUND ON COLLUSIVE BIDDING

On May 4, the City received a check of \$7,337.95 from the State of Wisconsin - Department of Justice which represented treble damages in the State of Wisconsin's Anti-Trust suit against major manufacturers of liquid chlorine and soda ash.

REDUCTION IN INVENTORIES

In January, personal calls were made by the Stores Supervisor on all locations with controlled inventories. The objective was to reduce inventories by disposing of stocks of items which were obsolete. With the sincere cooperation of all of the departments, he was able to report to the Board in October that inventories had been reduced 17% over 1969.

COMMODITY CODE REVISION

In considering the necessary revision of the commodity code, the Board directed that a study of the possibility of implanting the code of some other public agency and using it intact, circumventing a long and laborious revision of our present code. A meeting of all interested representatives of departments was held on August 12. However, the full impact apparently could not be realized as there were widely varied opinions.

SELLING USED FIRE HOSE

For many years, this Department has placed a price on the chronologically retired fire hose and has been selling it in small lots as required by the public at the stated price. Learning that some major cities sell by bid, the entire lot of hose will be sold to each highest bidder for the quantity he wishes. This apparently should bring a better return to the City of Milwaukee.

POLICE AUCTION

It has become a habit that each succeeding year, the record for the amount of receipts at the police auction has been broken. The sale was held on June 27 and again the highest amount ever obtained, \$8,590.49, was extracted by the auctioneer from hundreds of bidders.

ABANDONED CARS

For many years, the various departments, involved in the disposal of the accelerating quantities of abandoned cars, lamented that only five, ten or fifteen dollars was received by the City when the combined cost of the procedures to the City was at least \$100. During 1970, the Commissioner of Public Works received

Common Council permission to use his discretion on the worth of the cars, ten years or older. Of those which he considered not capable of offsetting the expenses, he was allowed to issue an "R and D" (Remove and Dispose) order. This allows him to turn them over directly to the towing and storage contractor for disposal at a set fee. This reduced considerably the number of cars on which we were required to request bids, make awards and sell.

CAR AUCTIONS

On August 15 forty-eight retired compact cars were sold by auction and on October 16, forty-eight police cars were disposed of in this manner. There are so many factors involved in the receipts for these cars, such as the condition of the used car market, the season of the sale, the weather, etc. However, after several experiences, and considering the costs involved, it appears that it is more beneficial to the City to trade-in the police cars on the purchase of new cars rather than sell them at an auction.

AIR TRAVEL

Prior to July 1, the tax on air travel was 5% but City officials and employees enjoyed an exemption from this tax. After July 1 the tax was increased to 8% and the exemption from it was removed. This action will add substantial amounts to fly City personnel to various points on official business.

OVERTAXED REPRODUCTION FACILITIES

Several times during the year, the Central Reproduction Division had demands for so much work, especially for the Model Cities' program and the Office of the Mayor, that it was required to send much more of the printing to commercial establishments than was previously done. In addition, many of these jobs necessitated overtime. The time and a half compensatory overtime dug deeper into the production schedule. In June the Common Council was requested to pay for this overtime in cash rather than time off. That study is still pending.

SHIFTING EQUIPMENT AND SAVING

In July, two No. 3600 Xerox Copiers in the Central Reproduction Division were replaced by No. 2650 Addressograph-Multigraph Copiers. A study showed that approximately \$30,000 annually would be saved by this change.

PERSONNEL

Dale Irish Buyer Buying Division	Resigned	February 27, 1970
Walter Barndt Buyer Buying Division	Appointed	March 16, 1970
Daniel Moratz Stores Clerk III Commodity Codes Division	Resigned	March 19, 1970
Mrs. Audrey Brester Clerk-Typist III Administration Division	Appointed	March 30, 1970
Mrs. Barbara Slaby Clerk-Typist III Administration Division	Resigned	June 2, 1970
Henry Look Stores Clerk III Commodity Codes Division	Appointed	August 10, 1970

ATTENDED JOB-RELATED EDUCATIONAL COURSES

Frank Griffin	Stores	Computer Programming
Walter W. Barndt	Buying	Industrial Purchasing
Donald F. Lucier	Buying	Industrial Purchasing
Leon P. Klaus	Buying	Industrial Purchasing

AFFILIATIONS

City of Milwaukee - National Institute of Governmental Purchasing

City Purchasing Agent

Board of Directors - Former President of National Institute of Governmental Purchasing

Oral Examining Board for Certification - National Institute of Governmental Purchasing

Professional Development Committee - National Institute of Governmental Purchasing

Identical and Rigged Bids Committee - National Institute of Governmental Purchasing

Standardization Committee - National Institute of Governmental Purchasing

Milwaukee Association of Purchasing Management*

Wisconsin Association of Public Purchasers -

Former President

Deputy City Purchasing Agent

Milwaukee Association of Purchasing Management*

Wisconsin Association of Public Purchasers

(*Includes membership in National Association of Purchasing Management)

THE NATIONAL INSTITUTE OF GOVERNMENTAL PURCHASING, INCORPORATED

Founded in 1944 in Milwaukee, Wisconsin

**A Non-Profit Educational and Technical Organization of Governmental
Buying Agencies of the United States, Canada and Puerto Rico Chartered
as an Educational Corporation Under the Laws of the State of Wisconsin.**

Its Aims and Objectives

ORGANIZED

- To study, discuss and recommend improvements in governmental purchasing.**
- To interchange ideas and experiences and obtain expert advice on local, state and national governmental purchasing problems.**
- To collect and distribute to governmental purchasing officials information on the organization and administration of governmental buying.**
- To develop and promote simplified standards and specifications for governmental buying.**
- To promote effective purchasing structures and uniform purchasing laws and procedures.**
- To promote and foster the professional competence and stature of all persons engaged in governmental buying.**
- To set an academic and professional standard for all such persons and to award diplomas, certificates and distinctions to any such persons after examination or otherwise.**
- To achieve recognition of the place of public purchasing in the governmental structure with emphasis on cabinet or top-management status for the public purchasing official.**
- To work for or against proposals affecting the welfare of governmental buying agencies.**
- To give to taxpayers information on governmental buying problems in order to foster interest in public affairs and cooperation between governmental buyers and those they serve.**

The Nation's Clearinghouse for Public Purchasing Information

A CHARTER MEMBER OF THE INTERNATIONAL FEDERATION OF PURCHASING

To Predecessors -

Who have established a respected Board and Department of Purchases by the sound fundamentals which they inculcated. Because of their high standards and efforts, this Municipality is recognized nationally and internationally as having an exemplary purchasing organization.

To Board Members -

Who, serving in an ex-officio capacity, gave time and deliberate thought to matters before the Board and the several committees.

To the Common Council -

Who gave support for a sound public purchasing program. Two members are valued and dedicated ex-officio members of the Board - President Robert J. Jendusa and Chairman of the Finance-Printing Committee, Fred F. Schallert. Alderman Jendusa served as Vice-Chairman of the Board and presided at most of the meetings.

To City Personnel -

For assistance from officials, department heads and employees when they were called upon by this department.

To Vendors -

Who, in suggesting innovations for supplies and equipment, were responsible for many improvements.

To the City Attorney and Assistants -

Who most capably handled the legal aspects of our work. Their valued counsel and opinions were highly respected.

To Albert H. Hall -

Who, as Executive Vice President of the National Institute of Governmental Purchasing, together with his staff have been called on innumerable times to furnish professional information and assistance.

To Fellow Public Purchasing Agents -

Who, with their unselfish interchange of professional information, have exhibited an esteemed cooperation not practiced in private purchasing.

To the Staff -

Who were most important as a loyal and dedicated group to achieve the aims and objectives of a good public buying program and who reached these objectives with a splendid esprit de corps.

WHAT MAKES A PROFESSION

“If there is such a thing as a profession as a concept distinct from a vocation it must consist in the ideals which its members maintain, the dignity of character which they bring to the performance of their duties, and the austerity of the self-imposed ethical standards. To constitute a true profession there must be ethical tradition so potent as to bring into conformity members whose personal standards of conduct are a lower level, and to have an elevating and ennobling effect on those members. A profession cannot be created by resolution or become such overnight. It requires many years for its development, and they must be years of self-denial, years when success by base means is scorned, years when no results bring honor except those free from the taint of unworthy methods.”

Author Unknown



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ANNUAL REPORT

CENTRAL BOARD OF PURCHASES

CITY OF MILWAUKEE, WISCONSIN

ADMINISTRATION • BUYING

INVENTORY CONTROL

MUNICIPAL WAREHOUSE

PETROLEUM PRODUCTS STORES

REPRODUCTION OF FORMS
PHOTOGRAPHIC EQUIPMENT POOL

M A I L S E R V I C E
M E S S E N G E R S E R V I C E

S A L V A G E D I S P O S A L
R E C E I V I N G S E R V I C E

1971

ANNUAL REPORT

CENTRAL BOARD OF PURCHASES

1971

CITY OF MILWAUKEE

MAYOR HENRY W. MAIER
CHAIRMAN

ALD. ROBERT J. JENDUSA, SR.
VICE CHAIRMAN
PRESIDENT OF COMMON COUNCIL

JOHN E. KALUPA
CITY COMPTROLLER

ALD. FRED F. SCHALLERT
CHAIRMAN COMMON COUNCIL FINANCE -
PRINTING COMMITTEE

EDWIN C. WHITNEY
DIRECTOR BUDGET AND MANAGEMENT

HERBERT A. GOETSCH
COMMISSIONER OF PUBLIC WORKS

ELMER W. BECKER
SUPERINTENDENT MILWAUKEE WATER WORKS

BUYING
MUNICIPAL WAREHOUSE
PETROLEUM PRODUCTS STORES
INVENTORY CONTROL
RECEIVING SERVICE

REPRODUCTION OF FORMS
PHOTOGRAPHIC EQUIPMENT POOL
MAIL SERVICE
MESSENGER SERVICE
SALVAGE DISPOSAL

ANDREW L. LEHRBAUMMER, C.P.P.O.
Secretary Central Board of Purchases and City Purchasing Agent

LEON P. KLAUS
Deputy City Purchasing Agent



City of MILWAUKEE

CENTRAL BOARD AND DEPT. OF PURCHASES SUITE 607 • CITY HALL • 276-3711 • MILWAUKEE, WISCONSIN 53202

ANDREW L. LEHRBAUMMER
City Purchasing Agent

LEON P. KLAUS
Deputy City Purchasing Agent

To the Common Council and Central Board of Purchases:

The activities of this Department during 1971 are submitted in this 54th Annual Report. It is necessarily restricted in cost but it augments and furnishes more details and statistics than appear in the short description of our operations in the official City of Milwaukee "1972 Directory and Report of City Progress in 1971."

Centralization of purchases acknowledgedly saves fifteen per cent through programmed buying operations. Applied to the City of Milwaukee's purchases in 1971 of \$15,305,435 a saving of \$2,295,750 was realized.

These reports are also interchanged with other public buying agencies and the comparison of operations affords a wealth of information and suggestions. The adoption of innovations by other agencies have many times been responsible for substantial savings by the City of Milwaukee. Requests for information on our operations are numerous and this Report serves as a complete response to many such inquiries, eliminating costly and time-consuming gathering of the information.

The statistical information in this Report is not available until after February 1, therefor issuance and distribution is considerably after that date. Our busiest season is early in the year, immediately after the adoption of the budget, but we strive to circulate this Report as soon as possible.

We appreciate your interest in our operations and accomplishments and efforts to provide "More Value for the Tax Dollar".

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Andrew L. Lehrbaummer". The signature is fluid and cursive, with a large initial "A".

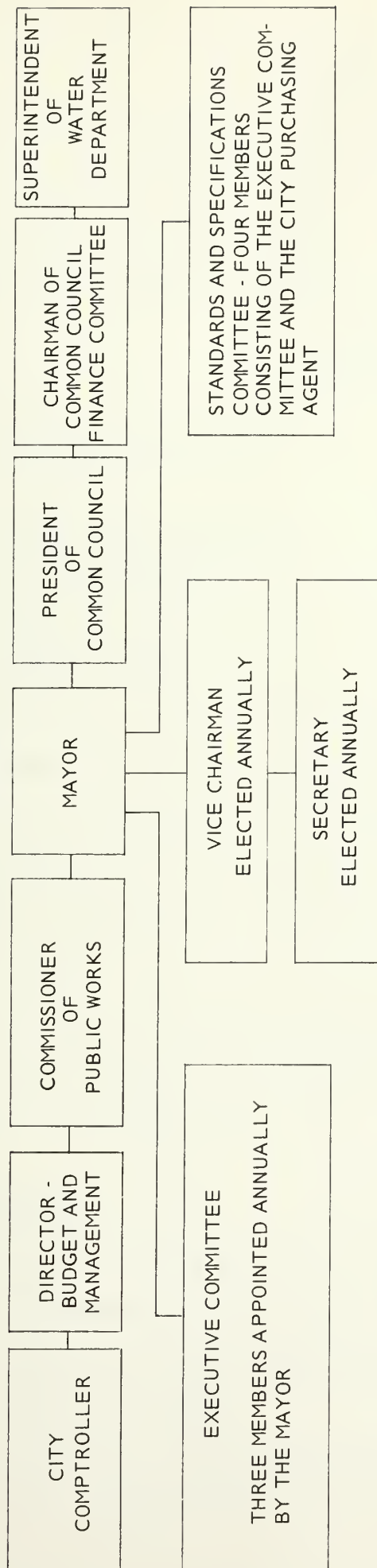
Andrew L. Lehrbaummer, CPPO
Secretary, Central Board of Purchases
and City Purchasing Agent

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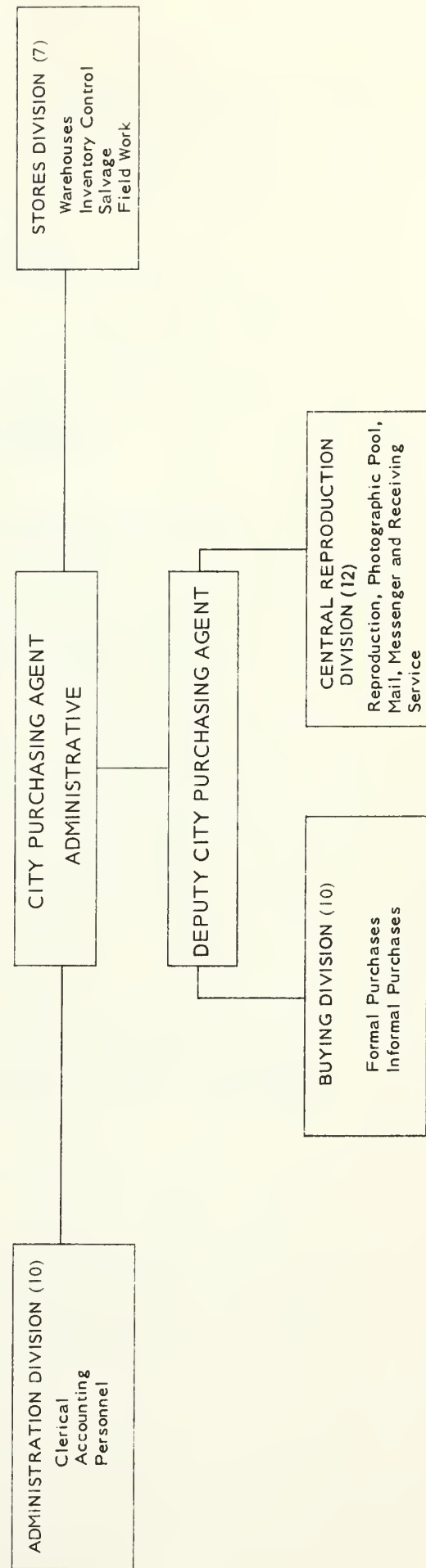
ORGANIZATION CHART

CENTRAL BOARD OF PURCHASES

Chairman



DEPARTMENT OF PURCHASES



CENTRAL BOARD OF PURCHASES

The Central Board of Purchases was created under Chapter 297, Laws of 1917 of the State of Wisconsin, on May 21, 1917, designating 1971 as the fifty-fourth year of operations. Milwaukee is recognized as a pioneer in this accepted concept of efficient public buying.

The Board members, who serve in an ex-officio capacity, are as follows:

Mayor
(Henry W. Maier)
Chairman

President of the Common Council
(Ald. Robert J. Jendusa, Sr.)
Vice-Chairman

City Comptroller
(John E. Kalupa)

Chairman of the Common Council
Finance-Printing Committee
(Ald. Fred F. Schallert)

Director Budget and Management
(Edwin C. Whitney)

Commissioner of Public Works
(Herbert A. Goetsch)

Superintendent of the Water Works
(Elmer W. Becker)

The Board is composed of four elected officials and three department heads. It establishes policy and provides for the purchase of all materials, supplies, equipment and services required by all departments, boards and commissions, for which budgeted funds have been previously appropriated. Purchases in excess of \$7,500 require official advertising for six days and award of the contract by the Board at stated public meetings. All interested parties are invited to attend the meetings and are privileged to be heard. Purchases less than \$7,500 are handled by the staff.

Authority of the Board, as delegated by State law, empowers it to call upon any officer, board or commission to assist in the purchasing function. It has two standing committees - an Executive Committee and a Standards and Specifications Committee.

EXECUTIVE COMMITTEE

The Chairman of the Board annually appoints a three-man Executive Committee to function as directed by the Board and to act in emergency situations. During 1971, this Committee consisted of:

Herbert A. Goetsch - Commissioner of Public Works (Chairman)

John E. Kalupa - City Comptroller

Edwin C. Whitney - Director Budget and Management

Elmer W. Becker - Superintendent of the Water Works (alternate)

STANDARDS AND SPECIFICATIONS COMMITTEE

The Executive Committee also serves as the Standards and Specifications Committee, augmented by the City Purchasing Agent. It strives for simplification and standardization of materials, supplies, equipment and services. The objective is to reduce the types and kinds of commodities to allow the competitive purchases of larger quantities, which among other advantages, commands lower prices.

The major part of the time of this Committee, however, is spent in reviewing tentative or controversial equipment specifications with prospective bidders and the requisitioning department at public meetings. This review takes place before bids are requested so that an acceptable specification is employed and charges of "slanted" specifications are eliminated.

DEPARTMENT OF PURCHASES

The City Purchasing Agent is designated by the Central Board of Purchases and is the administrator of the Department of Purchases. He is responsible for the purchase of all materials, supplies, equipment and services for all departments, boards and commissions under the control of the Common Council, with a few statutory exceptions.

The Department includes the following four divisions with a total of 39 employees. The number of employees in each division is indicated in parenthesis.

1. Administration (10)
2. Buying (10)
3. Central Reproduction (12)
4. Stores (7)

COMPARATIVE DOLLAR OPERATION OVER 10 YEARS

<u>Year</u>	<u>We Purchased-</u>	<u>On A Budget Of-</u>	<u>And Earned Cash Discounts-</u>
1962	\$ 11,495,798	\$ 174,773	\$ 73,457
1963	12,404,750	247,293	75,614
1964	12,049,834	203,704	68,297
1965	12,210,578	213,715	76,917
1966	13,328,122	231,680	78,174
1967	13,047,000	212,535	83,790
1968	14,670,819	241,973	85,792
1969	16,749,124	265,503	83,622
1970	15,552,337	315,909	85,453
1971	15,223,823	306,451	81,612

The conspicuous variations in the annual budget appropriations were due to the addition or curtailment of functions and the required personnel.

ADMINISTRATION DIVISION - Report of Alice M. Last, Administrative Assistant I

The clerical, personnel and accounting functions are in this Division. Budget, Accounts, Records, Payroll, Bid Preparation and Tabulation are the main categories. The substantial reduction in purchase orders issued compared to 1970 while spending the same dollars is conspicuous.

COMPARATIVE BUSINESS TRANSACTED - 1971, 1970 and 1969

				1971 vs. 1970	
	<u>1971</u>	<u>1970</u>	<u>1969</u>	<u>No. or Amt. Increased</u>	<u>No. or Amt. Decreased</u>
<u>PURCHASE ORDERS</u>					
Number issued	11,708	13,061	12,923		1,353
Gross dollar amount	\$5,768,791	\$5,837,051	\$6,045,623		\$68,260
Total cash discounts earned	\$33,985	\$33,788	\$34,055	\$197	
Net amount expended	\$5,734,806	\$5,803,263	\$6,011,568		\$68,457
<u>CONTRACTS</u>					
Number issued	134	159	145		25
Gross dollar amount	\$2,915,832	\$2,582,063	\$3,169,142	\$333,769	
Total cash discounts earned	\$4,364	\$6,254	\$6,681		\$1,890
Net amount expended	\$2,911,468	\$2,575,809	\$3,162,461	\$335,659	
<u>MISC. PAYMENT CERTIFICATIONS</u>					
Gross dollar amount	\$6,620,812	\$7,133,223	\$7,617,979		\$512,411
Total cash discount earned	\$43,263	\$45,410	\$42,885		\$2,147
Net amount expended	\$6,577,549	\$7,087,813	\$7,575,094		\$510,264
<u>TOTAL EXPENDITURES</u>					
Gross dollar amount	\$15,305,435	\$15,552,337	\$16,832,746		\$246,903
Cash discounts earned	\$81,612	\$85,452	\$83,622		\$3,841
Net amount expended	\$15,223,823	\$15,466,885	\$16,749,124		\$243,062

BUYING DIVISION

Leon P. Klaus, the Deputy City Purchasing Agent is head of this division.

Interviewing salesmen, preparing bids and making awards keep the six buyers busy. Each of them has an assignment of commodities, which understandably covers a tremendously wide variety because of the scope of City operations. Purchases which exceed \$7,500 are required to be advertised for six days, bids are opened publicly at a pre-stated time and awarded by the Board at a later meeting. Bids of lesser amounts are handled by the staff and are requested whenever it is practicable to do so. These are also publicly opened at a pre-stated time.

CENTRAL REPRODUCTION DIVISION

The report of M. Norbert Weber, Supervisor, is as follows:-

This Division produces duplicating work for all of the departments, boards and commissions with a few exceptions because of the confidential nature of the work. Processes used are offset duplicating, electrostatic duplication, spirit duplicating, and photo-direct plate making. Plates or original composition are kept on file for future use. Costs of this production are billed to the respective departments and these receipts offset the expenditures made from a rotary account.

A photographic equipment pool, from which all departments obtain the proper photographic, visual aid, audio and other similar equipment, which they require for a specific application, is maintained. Incoming and outgoing U. S. mail and messenger service to all departments is performed. Three messenger trips each day are made to all departments in the City Hall and Municipal Building. A Receiving Department handles all deliveries for the City Hall and Municipal Building and forwards them to the respective departments. An office equipment pool, consisting of typewriters, adding machines, calculators and addressing equipment is also maintained by this division.

A comparative report of billings to the various departments over the last five years follows. The constantly increasing work load without an increase in personnel attests to the dedication of the employees.

	<u>1971</u>	<u>1970</u>	<u>1969</u>	<u>1968</u>	<u>1967</u>
Offset Reproduction	\$ 52,754	\$ 49,442	\$ 32,291	\$ 53,426	\$ 46,248
Electrostatic, Mimeographing and Spirit Duplication	73,962	77,858	67,397	57,292	52,461
Copy Service	46,015	36,971	36,054	28,377	27,072
Photographic	11,325	10,677	9,626	7,729	6,931
Postage (Mail Room)	120,985	103,633	105,718	100,480	78,642
Total	\$305,041	\$278,584	\$251,088	\$247,305	\$211,355

The year 1971 showed a total production increase in the Division of 9.1%.

Electrostatic Duplicating

In 1971, 51,594 electrostatic masters were run with a total of 3,358,694 impressions compared to 55,723 masters with 3,542,464 impressions in 1970. The decrease is largely due to the loss of Model Cities work.

Copy Service

There was an approximate decrease of 17% over 1970 in the use of copying equipment by all of the City Departments.

In 1971	511,400 copies made.
In 1970	617,052 copies made.
In 1969	631,155 copies made.
In 1968	438,497 copies made.
In 1967	407,180 copies made.

No explanation for the decrease in the number of copies can be made except that hopefully departments may be exercising more control over the number of copies required. Also, a few departments now have their own copy machines.

Mail Service

The postal charges to the respective departments amounted to \$120,985.01, an increase of \$17,351.37 or more than 14% over 1970. This signifies an average monthly postage bill of \$10,082.08 for the City. The number of pieces of outgoing U. S. mail processed in 1971 was 1,364,894 against 1,335,876 in 1970.

The envelope inserting machine stuffed 327,334 envelopes, compared to 291,880 in 1970.

Receiving Dock

4,593 deliveries were received and processed at the loading dock compared to 5,115 in 1970.

Conclusion

The Central Reproduction Division has been on a rotary fund since its inception in 1949, having received no budget appropriations except for the purchase of new equipment. The U. S. mail and messenger services, handled since 1960, however, are operated under budget appropriations.

I express my gratitude and thanks to the employees of this division without whose loyal support and cooperation this favorable report would not have been possible.

STORES DIVISION

This division performs all of the field work of the Department. This includes:

1. Operation of the Municipal Warehouse (Carries items of common use for delivery to all departments).
2. Operation of a Bulk Petroleum Plant (Distributes gasoline, motor oil, kerosene and lubricants to all departments).
3. Inventory Control (Stock supervision is extended to include stores locations of other Departments for which a master inventory control is maintained. Standard procedure, also, is prescribed.)
4. Salvage Disposal (Obsolete and unusable equipment or materials from all departments are declared to the Purchasing Department and are either transferred to other departments, traded-in or sold. These operations include scrap and junk disposal; annual police auction of unclaimed articles; sale of outdated fire hose; sealed bid sales of wrecked, abandoned and tow-away cars; inventorying and disposing of furnishings in real estate acquired by the City and other related functions).
5. Partial testing, inspection and special services programs.

Lawrence Engel, Stores Supervisor, is in charge of this division reports as follows:

Municipal Warehouse disbursements were billed at \$208,723, an increase of 19.4% over 1970. In addition to supplying staple items to all departments, four other public agencies were serviced.

Petroleum products disbursements were billed at \$167,670, an increase of 3.8% over 1970. Two quarter million gallon tanks for premium and regular gasoline and three 15,000 gallon tanks for motor oils and kerosene are in use. The Department is a licensed wholesaler paying the State of Wisconsin approximately \$185,000 in taxes annually. The City is exempt from the Federal tax of four cents per gallon on gasoline but pays the State tax of seven cents per gallon.

The gasoline delivery schedule was increased to four days per week instead of three, affording greater flexibility for department's accommodation in ordering petroleum products from the Municipal Petroleum station.

The City of Thiensville requested that they be added to the list of public agencies who are allowed to withdraw from the Municipal Warehouse. Other municipalities with whom we cooperate with in this way are:

- (1) Mequon
- (2) West Allis
- (3) Glendale

Four departments of Milwaukee County also purchase from us. They are as follows:

- (1) Historical Society
- (2) Highway Commission
- (3) Park Commission
- (4) Public Works, Building and Grounds

The annual physical inventory showed a 1/10 of 1% shortage when compared to the card inventory - a remarkable variation. When computed on the basis of the total amount of business transacted, plus the closing inventory, the shortage amounts to only .056 of 1 per cent.

THREE YEAR COMPARATIVE REPORT OF STORES OPERATIONS

	<u>1971</u>	<u>1970</u>	<u>1969</u>
MUNICIPAL WAREHOUSE:			
Inventory - year end	\$174,859	\$188,235	\$163,319
Billing - stock issued	\$208,723	\$174,787	\$168,959
RECEIPTS:			
Shipments	444	490	424
Items	736	917	755
DELIVERIES:			
Stops	757	734	754
Requisitions filled	4,077	4,517	3,650
Items	10,193	11,293	8,776
PETROLEUM STORES:			
Inventory - year end	\$29,132	\$37,556	\$30,776
State Gasoline Tax	<u>\$12,423</u>	<u>\$14,210</u>	<u>\$12,502</u>
Total Inventory	\$41,555	\$51,766	\$43,278
Billing - stock issued:			
Petroleum Products	\$119,963	\$117,549	\$112,004
State Gasoline Tax	<u>\$47,707</u>	<u>\$43,963</u>	<u>\$41,405</u>
Total Billings	\$167,670	\$161,512	\$153,409
RECEIPTS:			
Shipments	98	92	70
Items	98	92	70
DELIVERIES:			
Stops	1,366	1,363	1,360
Delivery Tickets	1,379	1,392	1,412
Items	2,186	2,227	2,259
TOTALS FOR STORES DIVISION			
Inventory - year end	\$216,415	\$240,002	\$206,895
Billings	\$376,393	\$336,299	\$322,383
TOTAL RECEIPTS			
Shipments	542	582	494
Items	834	1,009	825
TOTAL DELIVERIES			
Stops	2,123	2,097	1,854
Delivery Tickets	5,456	5,909	5,062
Items	12,379	13,520	11,035

THREE YEAR COMPARATIVE REPORT OF STORES OPERATIONS

SALVAGE DIVISION

	<u>1971</u>	<u>1970</u>	<u>1969</u>
Receipts from sale of scrap and junk	\$14,377	\$18,366	\$29,503
Receipts from sale of abandoned and wrecked cars	\$27,162 (473)	\$30,885 (745)	\$30,536 (1,255)
Receipts from auction of departmental cars			
Police -	—	\$15,500 (44)	\$35,730 (98)
Other -	—	\$11,386 (48)	\$ 1,990 (14)
Receipts from police auction	\$10,151	\$ 8,590	\$ 7,841
Receipts from sale of Used Computer	\$241,355		
Receipts from sale of old equipment - miscellaneous	\$15,726	\$ 8,156	\$47,431
Total Receipts	\$308,772	\$92,884	\$160,411

(64 other usable pieces of equipment and lots of supplies were transferred to various City Departments at no charge)

INVENTORY CONTROL TREND

A comparative report showing the year-end inventories of all of the controlled stores locations for the years 1969 and 1971 follows. This shows a definite trend toward substantial reductions in inventories. The average reduction for all controlled locations is slightly more than ten per cent in this two year comparison.

The largest inventory reductions were made by the Water Department, with an average of twenty-three per cent for all four locations.

The program to remove obsolete or unnecessary items from inventories is progressing satisfactorily after an expected slow start. The larger departments such as the Water Department and the Bureau of Traffic Engineering and Electrical Services have cooperated well. The Bureau of Municipal Equipment is presently undergoing an extensive house-cleaning project, which should put their storerooms in excellent condition. Two departments have had sickness and personnel problems that have put their storerooms in a somewhat neglected state, but these conditions are only temporary, as this situation has not been customary in the past at these locations.

Naturally, obsolescence is always a factor to contend with, but our policy of removing obsolete items every year before inventory will assist in control and also result in a more realistic ordering by all departments.

Overall, the various warehouses and storerooms are in the best condition that they have been in for a long time in regard to the disposition of junk and obsolete inventory items.

INVENTORY COMPARISON 1969 and 1971 (end of year)
CONTROLLED WAREHOUSES AND STORES

No.	Location	1969	1971	+ or -	% + or -
328	Fire Repair Shop, 118 W. Virginia St.	\$ 22,016.68	\$ 23,822.07	+ \$ 1,805.39	+ 8 ⁰⁷
523	T.E.&E.S., 1540 W. Canal St. (stores)	937,925.31	852,372.79	- 85,552.52	- 9 ⁰⁷
524	T.E.&E.S., 1747 N. 12th St. (communications)	117,219.31	123,085.50	+ 5,866.19	+ 5 ⁰⁷
526	T.E.&E.S., 3rd & Becher (special services)	19,053.44	18,062.87	- 990.57	- 09 ⁰⁷
	Total	\$1,074,198.06	\$993,521.16	- \$ 80,676.90	- 7 ^{1,07}
531	B & B, Bridge Shop, 400 W. Traser St.	\$ 51,175.29	\$ 56,750.90	+ \$ 5,575.61	+ 11 ⁰⁷
532	B & B, B-9 Municipal Building	6,250.50	5,809.00	- 441.50	- 7 ⁰⁷
	Total	\$ 57,425.79	\$ 62,559.90	+ \$ 5,134.11	+ 9 ⁰⁷
572	S & S Maint., N.W. Yard, 8414 W. Florist Ave.	\$ 141,220.32	\$114,188.45	- \$ 27,031.87	- 19 ⁰⁷
573	S & S Maint., Asphalt Plant, 408 W. Traser St.	44,622.81	43,736.20	- \$ 886.61	- 2 ⁰⁷
	Total	\$ 185,843.13	\$157,924.65	- \$ 27,918.48	- 15 ⁰⁷
591	M.E., Central Shop, 1430 W. Canal St.	\$ 359,518.88	\$334,271.01	- \$ 25,247.87	- 7 ⁰⁷
592	M.E., Broadway Garage, 809 N. Broadway	69,314.63	73,622.67	+ 4,308.04	+ 6 ⁰⁷
593	M.E., South Shop, 2657 S. 31st St.	10,797.19	10,032.36	- 764.83	- 7 ⁰⁷
	Total	\$ 439,630.70	\$417,926.04	- \$ 21,704.66	- 5 ⁰⁷
641	Water, Pipe Yard, 3715 W. Lincoln Ave.	\$ 535,990.29	\$407,398.67	- \$128,591.62	- 24 ⁰⁷
642	Water, Distribution, 3801 W. Lincoln Ave.	52,333.07	52,413.41	+ 80.34	+ 02 ⁰⁷
644	Water, Meters & Services, 1037 N. Market St.	40,824.46	21,865.93	- 18,958.53	- 46 ⁰⁷
645	Water, Distribution, 2919 W. Cameron St.	42,280.68	36,717.23	- 5,563.45	- 13 ⁰⁷
	Total	\$ 671,428.50	\$518,395.24	- \$153,033.26	- 23 ⁰⁷
252	Municipal Warehouse, 1028 N. Hawley Road	\$ 206,895.83	\$216,415.07	+ \$ 9,519.24	+ 5 ⁰⁷
TOTALS OF CONTROLLED INVENTORIES		\$2,657,438.69	\$2,390,564.13	- \$266,874.56	- 10 ⁰⁷

SERVICES

Authority of the Central Board of Purchases extended to materials, supplies and equipment, but authority for services was never definitely spelled out. The Commissioner of Public Works was charged with all "work" over \$1,000. This left an indecision on all services, which were not construed to be "work", which exceeded this amount and all expenditures for services and works less than \$1,000.

A Charter Ordinance was approved by the Common Council on August 9 giving the Board of Purchases full power to provide for services used by all departments.

REDUCTION IN INSPECTION AND TESTING PROGRAM

With a view toward reducing the charges for inspection and testing of deliveries, a thorough study of such expenditures was made. This was necessary to operate under a contemplated freezing of funds in the 1972 budget. It was possible to gain our objective by the psychological effect upon vendors by the possibility of a test of their deliveries. Most routine tests on which non-compliances were seldom experienced was eliminated.

PETTY CASH

Many suppliers instituted a minimum billing or added a delivery charge to small orders because of the constantly increasing cost of doing business. In the previous year the petty cash purchase limit was increased from \$10 to \$35 and departments were encouraged to use this procedure in purchasing supplies, when small amounts were involved.

PERFORMANCE BONDS

Performance bonds on annual blanket contracts were always required for the total estimated amount of purchases. Realizing that this large bond was not necessary for the protection of the City, an arbitrary figure, which was deemed sufficient, was established for each such contract. As the cost of these bonds are apparently included in the bid, an undisclosed amount of money was saved through this.

RESCIND OF FLEET DISCOUNT

Early in the year, the major automobile manufacturers cancelled the governmental fleet discount extended to all public buying agencies. This was an action taken by them after they learned that some small governmental jurisdictions were purchasing cars with this discount, amounting to \$800 to \$1,000, and with the added exemption from the Federal Excise Tax. The agency found that they could use these cars hard for six months or a year, sell them in the used car market and obtain just as much or more for them as they had paid. This practice reverberated to the auto manufacturers who consequently took the action to abolish the discount.

Some public buyers filed suit against the auto manufacturers charging that this simultaneous action by them constituted collusion. The City of Milwaukee did not enter a complaint.

The additional unexpected cost for all vehicles purchased, which exceeded the budget appropriation, was in the neighborhood of \$150,000.

VALUE OF ANTI-TRUST ACTIONS

The benefits emanating from a constant awareness of collusive or identical bidding results in untold subsequent savings for the City. One of the strongest cases in point is the purchase of rock salt. For many years, prior to the Department of Justice Anti-Trust Division action approximately fifteen years ago, we paid up to \$18.60 a ton. Now with increased mining and shipping costs and generally higher prices for all things, the price is \$10.15 per ton.

RECYCLING ABANDONED CARS

This Department assisted the Commissioner of Public Works in drawing up specifications to prepare for bids for recycling abandoned cars. Prior to the bids, the Common Council reviewed and approved the specification.

This slitting and reduction of abandoned cars relieved the Purchasing Department of selling many very old and junk cars by sealed bids.

PRICE AND WAGE FREEZE

President Nixon on August 1 issued Phase I of his wage and price freeze. The effect on prices was generally effective. However, many commodities were not included and there was no conspicuous effect in halting increases on these items.

CENTRALIZATION OF ADDRESSOGRAPH EQUIPMENT

On October 5 the Common Council directed that this Department take possession of all addressograph equipment in the various departments and set up a centralized operation in the Central Reproduction Division. Equipment which could not be used in the centralized operation was to be sold.

ROCK SALT CONSUMPTION

The City's stockpile carried over 3,500 tons from 1970 and shipments of new salt totaled 41,000 tons, giving us a starting inventory of 44,500 tons. This was completely depleted by February 22 and we implemented a section of the contract requiring the contractor to truck salt to us from their local stockpile.

The previous high consumption was 31,000 tons.

COPIER AND STAMP MACHINE INSTALLATION

Because of the heavy use of a coin operated copying machine, which was installed in the Central Library, bids were requested and a contract entered into to place equipment in all of the branch libraries

and in the rotunda of the City Hall. A U. S. stamp machine was also installed in the rotunda of the City Hall.

POLICE DEPARTMENT MOVING

In February, the Police Department moved from the Safety Building to its new Administration Building. This department disposed of much old equipment and furniture. The cost of removing several large electro-mechanical files was prohibitive to their removal and it was necessary to reduce these by torching and selling the scrap.

WATER PIPE SUIT

The City of Milwaukee, together with many other public buying agencies, became a participant in a suit on purchases of water pipe. This action was instituted by Davidson County and the City of Nashville, Tennessee.

POLICE AUCTION

For the first time the Police Auction, held annually as required, was moved from the City streets. This year it was held south of the new Police Administration Building on the Civic Plaza. The turnout was the largest ever and it was impossible for the auctioneer to do justice to the yelling crowd on four sides of the platform. Any offering, especially a bicycle, brought an incessant din from all the youngsters and very often the auctioneer halted the bidding as the price had exceeded the realistic value.

As there are several hundred bicycles each year, it is contemplated to have a separate auction for them and the other sundry items.

COST OF SALES CALL

It is reported that the average cost of a sales representative calling on a customer is estimated at \$55. This supposedly is up 55% since 1965.

PRICE ADVANTAGES FOR LARGE QUANTITIES

The Municipal Warehouse ordered 100 rolls of 3" adding machine paper and the low bid was 24¢. As an after thought, the Warehouse increased the order to 500 and the low bidder said his price would remain the same. Buyer Dorothy L. Schroeder contacted the low bidder in the previous year, who had not bid this time, asking if he would supply at last year's price. In the interim, the Warehouse required 2,000 rolls of 2¼" and 200 rolls of 3-7/16". The vendor informed the buyer that he would have difficulty in holding last year's price on the 500 rolls but with the added quantities to be ordered at last year's price, he could. The saving on the 500 rolls of 3" alone was \$25.50.

DEATH

Howard A. McMillan, former Deputy City Purchasing Agent, passed away on May 9, 1971, at the age of 54. He was appointed June 8, 1959 and resigned November 19, 1965 to become Director of Purchases for

Milwaukee County.

The following retired former employees also passed away during 1971:

Lillian Gruenewald of the Administration Division

Joseph Lacey of the Stores Division

Bernard Krutza of the Stores Division

PERSONNEL

Janet Kusko, Clerk-Stenographer II	Resigned	1-22-71
Joanne Literski, Clerk-Stenographer II	Appointed	2-1-71
Carol Netz, Clerk-Typist II	Leave of Absence	4-6-71
Thomas Glubka, Duplicating Equipment Operator II	Resigned	4-22-71
Janet Kusko, Clerk-Typist II	Transferred from Dept. of Street & Sewer Maint.	4-26-71

ATTENDED JOB-RELATED EDUCATIONAL COURSES

<u>NAME</u>	<u>DIVISION</u>	<u>COURSE</u>
Walter W. Barndt	Buying	Industrial Purchasing

AFFILIATIONS

City of Milwaukee - National Institute of Governmental Purchasing

City Purchasing Agent

Board of Directors - Former President of National Institute of Governmental Purchasing

Oral Examining Board for Certification - National Institute of Governmental Purchasing

Professional Development Committee - National Institute of Governmental Purchasing

Identical and Rigged Bids Committee - National Institute of Governmental Purchasing

Standardization Committee - National Institute of Governmental Purchasing

Milwaukee Association of Purchasing Management*

Wisconsin Association of Public Purchasers -

Former President

Deputy City Purchasing Agent

Milwaukee Association of Purchasing Management*

Wisconsin Association of Public Purchasers

(*Includes membership in National Association of Purchasing Management)

THE NATIONAL INSTITUTE OF GOVERNMENTAL PURCHASING, INCORPORATED

Founded in 1944 in Milwaukee, Wisconsin

**A Non-Profit Educational and Technical Organization of Governmental
Buying Agencies of the United States, Canada and Puerto Rico Chartered
as an Educational Corporation Under the Laws of the State of Wisconsin.**

Its Aims and Objectives

ORGANIZED

- To study, discuss and recommend improvements in governmental purchasing.**
- To interchange ideas and experiences and obtain expert advice on local, state and national governmental purchasing problems.**
- To collect and distribute to governmental purchasing officials information on the organization and administration of governmental buying.**
- To develop and promote simplified standards and specifications for governmental buying.**
- To promote effective purchasing structures and uniform purchasing laws and procedures.**
- To promote and foster the professional competence and stature of all persons engaged in governmental buying.**
- To set an academic and professional standard for all such persons and to award diplomas, certificates and distinctions to any such persons after examination or otherwise.**
- To achieve recognition of the place of public purchasing in the governmental structure with emphasis on cabinet or top-management status for the public purchasing official.**
- To work for or against proposals affecting the welfare of governmental buying agencies.**
- To give to taxpayers information on governmental buying problems in order to foster interest in public affairs and cooperation between governmental buyers and those they serve.**

The Nation's Clearinghouse for Public Purchasing Information

A CHARTER MEMBER OF THE INTERNATIONAL FEDERATION OF PURCHASING

To Predecessors -

Who have established a respected Board and Department of Purchases by the sound fundamentals which they inculcated. Because of their high standards and efforts, this Municipality is recognized nationally and internationally as having an exemplary purchasing organization.

To Board Members -

Who, serving in an ex-officio capacity, gave time and deliberate thought to matters before the Board and the several committees.

To the Common Council -

Who gave support for a sound public purchasing program. Two members are valued and dedicated ex-officio members of the Board - President Robert J. Jendusa and Chairman of the Finance-Printing Committee, Fred F. Schallert. Alderman Jendusa served as Vice-Chairman of the Board and presided at most of the meetings.

To City Personnel -

For assistance from officials, department heads and employees when they were called upon by this department.

To Vendors -

Who, in suggesting innovations for supplies and equipment, were responsible for many improvements.

To the City Attorney and Assistants -

Who most capably handled the legal aspects of our work. Their valued counsel and opinions were highly respected.

To Albert H. Hall -

Who, as Executive Vice President of the National Institute of Governmental Purchasing, together with his staff have been called on innumerable times to furnish professional information and assistance.

To Fellow Public Purchasing Agents -

Who, with their unselfish interchange of professional information, have exhibited an esteemed cooperation not practiced in private purchasing.

To the Staff -

Who were most important as a loyal and dedicated group to achieve the aims and objectives of a good public buying program and who reached these objectives with a splendid esprit de corps.

SERVICE should be willing and spontaneous, giving more than is required. Grudging service is ineffective. If badly done, the spirit of ungraciousness spoils the action.

No one likes to be served carelessly, or with evident reluctance.

The doing of the extra bit, and doing it thoroughly and joyously, counts so much. It makes other people happy, for service is lifted into a place of high regard.

Scamped work is no advertisement. To the worker, "Go Slow," is just as bad. There is nobility in work well done.

A good workman is known by the quality of his work.

"I serve" is a good motto. — *Julia Crainge*





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